

**GOVERNORS'
CONFERENCE
PROCEEDINGS**

—1922—

1922

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PROCEEDINGS

OF THE

FOURTEENTH
CONFERENCE OF GOVERNORS

OF THE

STATES OF THE UNION

HELD AT

WHITE SULPHUR SPRINGS, W. VA.

DECEMBER 14-16

1922

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ORGANIZATION

Executive Committee

GOVERNOR CHANNING H. COX, Massachusetts

GOVERNOR CARY A. HARDEE, Florida

GOVERNOR WARREN T. McCRAY, Indiana

Treasurer

HONORABLE JOHN G. TOWNSEND, JR.
Selbyville, Delaware.

Secretary

MILES C. RILEY
Bank of Wisconsin Bldg.
Madison, Wis.

GOVERNORS IN ATTENDANCE

<i>Alabama</i>	GOVERNOR THOMAS E. KILBY
<i>Arizona</i>	GOVERNOR THOMAS E. CAMPBELL
<i>Delaware</i>	GOVERNOR WILLIAM D. DENNEY
<i>Florida</i>	GOVERNOR CARY A. HARDEE
<i>Idaho</i>	GOVERNOR D. W. DAVIS
<i>Indiana</i>	GOVERNOR WARREN T. McCRAY
<i>Kansas</i>	GOVERNOR HENRY J. ALLEN
<i>Louisiana</i>	GOVERNOR JOHN M. PARKER
<i>Massachusetts</i>	GOVERNOR CHANNING H. COX
<i>Maryland</i>	GOVERNOR ALBERT C. RITCHIE
<i>Minnesota</i>	GOVERNOR J. A. O. PREUS
<i>Missouri</i>	GOVERNOR ARTHUR M. HYDE
<i>Nebraska</i>	GOVERNOR SAMUEL R. MCKELVIE
<i>North Carolina</i>	GOVERNOR CAMERON MORRISON
<i>Oregon</i>	GOVERNOR BEN W. OLcott
<i>Oklahoma</i>	GOVERNOR J. B. A. ROBERTSON
<i>Pennsylvania</i>	GOVERNOR WILLIAM C. SPROUL
<i>Utah</i>	GOVERNOR CHARLES R. MABEY
<i>Vermont</i>	GOVERNOR JAMES HARTNESS
<i>Virginia</i>	GOVERNOR E. LEE TRINKLE
<i>West Virginia</i>	GOVERNOR EPHRAIM F. MORGAN

GOVERNORS' CONFERENCE

ARTICLES OF ORGANIZATION

ARTICLE I.

The style of this organization shall be the "Governors' Conference."

ARTICLE II.

Active membership in the Governors' Conference shall be restricted to the Governors of the several states and territories of the United States, the term "Governors" to include Governors-Elect. Ex-Governors shall be received as honorary members and, as such, shall be entitled to all the rights and privileges of active membership except the right of voting.

ARTICLE III.

The functions of the Governors' Conference shall be to meet yearly for an exchange of views and experience on subjects of general importance to the people of the several states, the promotion of greater uniformity in state legislation and the attainment of greater efficiency in state administration.

ARTICLE IV.

The Conference shall meet annually at a time and place selected by the members at the preceding annual meeting.

ARTICLE V.

The Conference shall have no permanent president.

A Governor shall be selected by the Executive Committee at the close of each half day's session to preside at the succeeding meeting.

ARTICLE VI.

There shall be no permanent rules for the government of the Conference in discussion or debate, but the procedure at any session shall be subject to the pleasure of the Governors present.

ARTICLE VII.

The proceedings of the Conference shall be fully reported and published.

ARTICLE VIII.

The affairs of the Conference shall be managed by an Executive Committee composed of three members to be chosen by the Conference at the regular annual meeting. They shall hold office until the close of the succeeding regular annual meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the remaining members thereof.

ARTICLE IX.

A secretary and a treasurer shall be elected by the Conference at each annual meeting.

The secretary shall attend all meetings of the Conference, keep a correct record thereof, safely keep and account for all documents, papers and other property of the Conference which shall come into his hands, and shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee. He shall be paid an annual salary of not to exceed twenty-five hundred dollars and shall be reimbursed his actual and necessary expenses incurred while traveling on the business of the Conference.

The secretary shall annually prepare and submit to the Conference a budget of the expenses for the ensuing year. He shall make all necessary arrangements for a program for the regular annual meeting and shall edit the stenographic reports of the proceedings at all meetings. He shall, also, so far as possible, co-operate and keep in touch with organizations, societies and other agencies designed to promote uniformity of legislation.

ARTICLE X.

The treasurer shall have the custody of the funds of the Conference, subject to the rules of the Executive Committee. He shall deposit funds of the Conference in its name, shall annually report all receipts, disbursements and balances on hand, and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

ARTICLE XI.

Persons not members of the Conference shall not be heard until the regular order of business for the day has been concluded, and then only by unanimous consent. All programs for social entertainment must be approved in advance by the Executive Committee.

ARTICLE XII.

These articles or any of them may be altered, amended, added to or repealed at any time by a majority vote of all Governors present and voting at any regular annual meeting of the Conference.

GOVERNORS' CONFERENCE

THE GREENBRIER, WHITE SULPHUR SPRINGS, W. VA.

MORNING SESSION

DECEMBER 14, 1922.

GOVERNOR SPROUL—This large and distinguished assemblage will now come to order.

It is a great pleasure, I assure you, for me to again call the Governors' Conference to order, one of the privileges accorded me by reason of age and long service in this Conference.

It was certainly a happy suggestion of Governor Morgan that the conference be held in this delightful place. We didn't come very far into West Virginia to hold the conference, but to my mind there is no more suitable or comfortable place in the country. The Old White Sulphur hotel isn't a hotel or a resort, it is an institution, famous throughout the country, over many generations. Its traditions were never better exemplified and its real order of hospitality was never better cared for than right now, under the leadership of Mr. Thornton Lewis. As a citizen of this neighborhood, I find him an outstanding southern gentleman, whom it is my great pleasure to call upon to welcome us to the White Sulphur Springs. We really do not need any welcoming here, however. The hospitality of this institution stands out, but we will be very glad to hear from Mr. Lewis.

MR. THORNTON LEWIS—It is certainly very nice of my friend Governor Sproul to give me such a cordial introduction. I think most of you who have been here agree with Governor Sproul that White Sulphur is not a hotel or a resort, but that it is an institution.

The Chesapeake & Ohio Railway Company bought this property in 1909 and set about improving what is known as the Old White, the hotel to your right, which is now being

destroyed. They spent a good deal of money on the Old White trying to make it comfortable and profitable, not only that it might be operated in the summer time but in the spring, fall and winter. We found after a very short time, however, that with other resorts that offered all season accommodations, that they offered much better accommodations than we could offer in the Old White. Subsequently the Greenbrier was built. It has brought to West Virginia people who, I am frank to say, we might never have seen in the state if it had not been for the Greenbrier. It has been a wonderful help to the state in its development in the last few years, and has been most helpful in every way.

The policy has always been to carry out the old time traditions of hospitality and a warm welcome to the guests. I am particularly happy on hearing Governor Sproul make the statement he did, because he has been here several summers with his family, and I know he speaks from actual knowledge of the situation.

I have been asked to speak about the Greenbrier, but I will say a few words about the Old White. The Greenbrier, we might say, is in every way supplanting the Old White, but it has less vines and thoughts running around our hearts, and it was with real reluctance that our board decided to tear it down, but it got to the point where we felt it did not correspond with actual business necessities. We found when we couldn't accommodate the guests in the Greenbrier that we would have to send them to the White and occasionally storms would drift in through the window openings and the doors and, while they would stand for that in 1812 and 1816, now days they don't care for it, so the Greenbrier became a necessity.

We have some old records here which are interesting. The day book, used as the regular register for the guests as they came in, and they did it in a very liberal way. For instance, you go back to the old books and you see the arrival of Mr. Henry Clay, and you will see on the book it is stated "Mr. Henry Clay, three ladies, four servants and six horses." You will note further down Mr. Clay's toddies for the day and Mr. Clay was a perfect gentleman—he had four or five

toddies and his servants four or five. The horse feed, as a rule, cost more than the day's board. Horses in those days as now were a luxury. Those men who came here traveled horseback and came in coaches and carriages and brought their families and servants with them. The service those days, from what we read and know, must have been pretty bad. The old dining room seated 1,600 people and was cut down later to seat 1,200, and the man or woman who got to the table first was the lucky one, and we are told that in those days a pretty liberal tip was necessary to get anything at all—any kind of service. The food was prepared in a more or less crude manner, but the people seemed to get along pretty well and you didn't hear of any cases of appendicitis and nervous indigestion, etc., but instead of that the butcher and his assistants killed the cattle in the morning and killed the sheep in the morning and they were served that same evening. We look back to that now as terrible, but our forefathers and foremothers seemed to have gotten along very well with it.

Governor Trinkle is here from Virginia and I hope he will have an opportunity of discussing with our good friend Governor Morgan the question of our through highway, in which we are all interested. Prior to Governor Trinkle's time we had a very delightful gentleman, the then Governor of Virginia, and he said when West Virginia completed her road to the top of the mountain she (the State of Virginia) would shake hands with West Virginia with a completed highway to the dividing line, but Virginia hasn't done that yet, but I am in hope something can be done to re-establish and put through the old highway, known as the Staunton and Virginia turnpike.

Ladies and Gentlemen, there being no Mrs. Governors present, I can say I want to thank you and tell you how much we appreciate your attendance here at this conference and I bespeak for you an enjoyable and profitable meeting.

GOVERNOR SPROUL—With that cunning for which he is noted, Mr. Lewis didn't go into details regarding Henry Clay's bills in this hotel. I remember of a time when I was permitted to examine such things. I looked at those accounts

one time and saw where the charge for three toddies was 12½ cents. Of course there are some gentlemen here who would not be interested in a thing of that kind, but there are others of us that it makes feel very badly.

Mr. Lewis also spoke, it seemed to me, in a heart-felt way regarding the fact that horses were a luxury in those days. He certainly should know, because when you go over the Meadows you will see some that would be a luxury anywhere else.

Our next matter before us, I believe, will be an address of welcome from the Governor of West Virginia. West Virginia would be a great state if its wrinkles were ironed out and she was spread out level—be as big as Texas, if they took the kinks out of it, but it is a great state anyhow, a rare combination of the enterprise and growth, the charm of the south and the hustle of the west. I feel about as much interested in West Virginia as any other state of the Union, outside of Pennsylvania, not because it lies next to us but because I have been here a great deal, and I appreciate the development of the state and its prosperity. The Governor hasn't a capitol building any more, but he has procured the services of Cass Gilbert, the greatest architect in the world, and he is fixing to build one; I don't know whether they have started on that as yet or not in the city of Charleston, which city I have seen grow so wonderfully, but they are going to have something at Charleston some day that you will be proud of, and I hope some day, as an old ex-governor, if I shall escape death before the "ex" is affixed to my name—I hope before that striking line is cut, to get down to Charleston to attend a conference of governors in the great new capitol of West Virginia.

GOVERNOR MORGAN—Governor Sproul, Governors, Ladies and guests: I appreciate the very nice things said about West Virginia by our neighbor, Governor Sproul, and I was wondering when Mr. Lewis was talking about Henry Clay being fortunate enough to procure toddies at the Old White several years ago, whether we on this occasion would be as fortunate as Henry Clay was at that time. I am sure, gentlemen, I can assure you that if you are fortunate enough to get

hold of anything of that character of consequence it will not be charged up to you on your bills, and I doubt very much if we will be able to get it at the price of 12½ cents, as suggested by Governor Sproul.

And I want to say to Mr. Lewis in regard to the construction of the Midland Trail, if nothing unforeseen occurs, West Virginia hopes in the year 1923 to be able to reach her hand over the imaginary line between Virginia and West Virginia, on a completed highway from the western border of West Virginia to the eastern border of Virginia and shake hands with the distinguished Governor of Virginia, and while speaking of good roads, I may suggest that within the next two years I think I can safely say there will be four transcontinental highways entirely completed across the state of West Virginia, two from the northern to the southern section and two from the eastern to the western section, so that the people of this great country can then be permitted to ride through this beautiful state of ours and behold our great mountains and wonderfully crystal streams and the many beautiful scenes we have in West Virginia.

Governor Sproul, speaking about the topography of West Virginia, I heard some time ago a famous geologist make the statement that if West Virginia was leveled up, the hills pressed down and the valleys raised up, that we could stand on an eminence or great plain and look down on Pennsylvania on the one side a distance of 500 feet and on Ohio 600 feet on the other side. That made me feel very proud of West Virginia, to think we are exalted here in the mountains so high above these other states of ours.

And now, gentlemen, before I proceed, I received two or three telegrams which I desire to read to the convention, to show how the citizens of West Virginia appreciate your coming to our state.

"CHARLESTON, WEST VIRGINIA, December 13, 1922.

The Governors' Conference,
White Sulphur Springs, W. Va.:

The Elk's Good Fellowship Club of Charleston at its regular meeting today extends heartiest and most cordial greetings to your Excellencies and wish for you a delightful visit to our beautiful mountain state, and

confidently predict that your conference will result in much good, not only to your respective commonwealths but to our nation as a whole.

(Signed) GEO. T. ISAAC, *Exalted Ruler.*"

"BLUEFIELD, WEST VIRGINIA, December 13, 1922.

Miles C. Riley, Secretary,
White Sulphur Springs, W. Va.:

The Rotary Club of Bluefield joins the citizenship of all West Virginia and particularly the visited hosts of Southern West Virginia in extending cordial greetings to the Conference of Governors beginning its session at White Sulphur Springs, one of our most beautiful resorts, on Thursday. May your stay in our Commonwealth prove most pleasant and your deliberations most fruitful of good.

(Signed) T. S. HAMILTON, *President,*
Z. G. HENDERSON, *Secretary.*"

"WHEELING, W. VA., December 13, 1922.

Governors' Conference:
White Sulphur Springs, W. Va.:

West Virginia Rotary with its fifteen hundred members united for service in public welfare, send greetings and best wishes.

(Signed) JOSEPH R. NAYLOR,
Governor 24th District Rotary."

"WASHINGTON, D. C., December 14, 1922
THE WHITE HOUSE.

E. F. Morgan, Governor,
Charleston, W. Va.

I most sincerely regret that I shall be unable to attend the Conference of Governors. An unusual volume of public responsibilities makes necessary my presence here. Please convey my cordial greetings to the Conference and sincere wishes for a forwardlooking and beneficial session.

(Signed) WARREN G. HARDING."

Friends, as to the West Virginia telegrams, I can say frankly those are the public sentiments of entire West Virginia.

Now, my friends, it gives me sincere delight and genuine satisfaction to welcome to West Virginia the Governors of the several states of the United States, their wives and guests. I do not believe that West Virginia ever before has had an

opportunity to entertain so distinguished a gathering under one roof and I want you to feel and know that we are an appreciative people.

While it is not so pleasant this morning on account of the rain, I want to assure you that it hardly ever rains more than a half a day in West Virginia, never more than a day, and I can assure you during the next couple of days of this convention we will have delightful weather.

While my friends Governor Sproul, Governor Ritchie and Governor Trinkle merely stepped across an imaginary boundary line to be with us, there are others who have come from a distance to attend this meeting, and it is my fondest wish than when you leave you will depart with a cherished recollection of our beloved state and her people.

Representing probably fifty millions of people, the accredited representatives of those states which unite us in an indissoluble union, I realize that you are here in accordance with an annual custom to discuss various problems that not only affect your states, but the people of all the states and I trust that the business sessions which are now beginning will be productive of the greatest good and that we will be helped by this interchange of ideas to perform some meritorious service in the interest of the public weal.

As Governor of West Virginia, I have only one regret to express concerning this meeting. I am sorry that it does not embrace the opportunity to permit you to visit every section of this state. If time would permit, and your official duties did not interfere, it would be pleasing to me to take you to the northernmost part of this state, extending to within a few miles of the City of Pittsburgh and let you see an immense manufacturing district and prosperous cities; to the eastern section of this state, less than an hour's drive to the national capital and see the wonderful agricultural opportunities and the amazing growth of commercial orchards that have but few rivals; to the cities and counties of the interior with its square miles of tillable ground, sleek cattle on its hillsides and underlaid with the finest qualities of coal and oil and natural gas; to the counties in the southern section of the state that are adjacent to our neighboring state of Kentucky, where, as

if by the touch of a magic hand, railroads have penetrated the wilderness, virgin forests are being removed, communities have been constructed and the wealth of our mountains is being extracted and transported to the markets of the east and the west and the north and south. I regret that time will not permit us to journey to our state capitol and see in the immediate vicinity gigantic plants that were erected by our Federal Government when we were engaged in the task of winning the war.

I trust that when you come again we will be able to show you a capitol, replacing the structure recently destroyed by fire, that will be worthy of our great state and that will have your admiration.

I would be pleased to have you visit the different sections of West Virginia because I am certain that the welcome you would receive and your immediate conception of our magnificent development would dispel any unfavorable impressions that you might have received from sensational reports circulated to impress you that West Virginia "was an island of barbarity in a sea of civilization," as a reckless paragrapher described it in an eastern newspaper.

Tomorrow we are going to take you into a coal district, the nearest coal field to White Sulphur, where you may see for yourselves the conditions under which coal is produced in this state. We are going into the Winding Gulf district, a comparatively new field, where a great part of the tonnage is utilized by the ships of the American Navy. We believe you will be interested in obtaining first-hand information on this subject, because coal is a subject in which all of the states are intensely interested. We produce it here in West Virginia at the rate of from 80,000,000 to 100,000,000 tons a year, and from our fields it is transported to the great markets beyond our boundaries. There are problems connected with the industry which some of our most able industrial leaders are trying to solve and by making a personal visit to this field I believe you will be better equipped to aid in the solution of the problems effecting this basic industry.

I might say, gentlemen, in passing we have in West Virginia, as recently computed by a very well qualified

geologist, over one hundred and fifty billion tons of coal—enough coal in the state of West Virginia, if all of the bituminous coal fields in the United States were closed, to supply the entire wants of this great nation of ours for a period of at least five hundred years. That will give you some idea of the immense coal fields in this state.

West Virginia is almost ready to organize a House of Governors of her own. We have living with one exception, all within the state, every governor who has served this commonwealth in the executive offices since 1888. We have Governors Fleming, MacCorkle, Atkinson, White, Glasscock, Hatfield, Cornwell and the present incumbent, eight in all, a record I suspect that is unequaled in any other American state. The longevity of West Virginia Governors I assume is due both to the remarkable climate of our state, its health-giving waters such as we find here at White Sulphur, and the freedom of the State Executive from trials and cares incident to official life.

Gentlemen, this is an historic spot where you have assembled for this meeting. The springs here which have poured forth their health-restoring waters in abundance were known to the Indians before the white man hacked his way through an unbroken wilderness across the Alleghanies and down the western slopes to the great Ohio. In revolutionary days, early white settlers drank of these waters and in the first decade of the nineteenth century the first hotel was built on this site.

From the time of Washington until the Civil war practically every president of the United States made White Sulphur his vacation place. On the old registers are preserved the names of scores of illustrious Americans who trod the paths of glory, and whose services to our republic are preserved in imperishable history. To this place came Madison, Monroe, Benton, Cass, Douglass, Tyler, Harrison, Fillmore, Grant, Arthur, Carlisle, Clay, Webster, Audobon, Corwin and Thurman, Lewis and Clark, Jefferson and Patrick Henry, men who helped to make and save the republic.

It was on another occasion, my friends at another distinguished gathering of executives at White Sulphur that the

historical remark was made by the Governor of North Carolina to the Governor of South Carolina that the intervening period was of rather an extended character. Time, of course, with its usual distortion of epigrams, has made it appear that the distinguished predecessor of Governor Morrison referred to the fleeting pleasures of the hour. In recent years it has been demonstrated to all of us that the Governor of North Carolina in addressing the Governor of South Carolina spoke with prophetic vision.

I want to assure you, my friends, in behalf of all the people of West Virginia, as their accredited representative and servant, that it gives me very great pleasure to welcome you here to this state, and I was reminded when Governor Sproul was speaking of our diversity of climate, our charm and our prosperity, that to the East and to the North and to the West and to the South of a toast that someone got off concerning West Virginia sometime ago, which I believe I shall repeat here, and which is,

Here is to West Virginia, whose most northern city is farther north than Pittsburgh, Pa., hence she is a northern state; whose most eastern city is farther east than Rochester, New York, hence she is an eastern state; whose most southern point is farther south than Roanoke, Va., hence she is a southern state, and whose most western city is farther west than Canton, Ohio, hence she is a western state; but here is to West Virginia, whether eastern, northern, western or southern state, she is a dam'd good state for the shape she is in. I thank you.

GOVERNOR SPROUL—That was a mighty good response and in spite of the Governor's apology for the weather and his long sermon upon the health-giving waters, we will have hopes, for the Governor of North Carolina is here and the Governor of South Carolina is expected.

The response will be given by Governor Hardee of Florida. We all look upon Florida as a great resort, but he will have to look out for West Virginia.

GOVERNOR HARDEE—Governors, ladies and guests: After listening to Governor Morgan's talk of West Virginia and

Mr. Lewis' talk of the Greenbrier and this vicinity, I am sure it is no surprise that the Executive Committee selected this delightful place for this year's session of our Conference, and in its selection I am sure it has met with the approval of the Governors of all the states who have been fortunate enough to attend.

I remember Governor Morgan extending the invitation last year at Charleston, and I haven't forgotten, as I know you haven't his words of welcome then, couched in his words of invitation, inviting us to this state, and I thought that he had at that time about exhausted all the language that could be used upon the subject, but he seems now to have reached into new sources and found new words in which to talk of West Virginia and to have inclosed the very gracious welcome in words most appropriate, I assure you, and to paraphrase an ancient military welcome, "we have come" and I started to say "we have conquered," if we can take the words of Governor Morgan at full value and the words of Mr. Lewis at full value, because for the duration of this conference the Greenbrier and the state of West Virginia is ours and we have been looking forward to this meeting—I have wanted to come—I have never been in the state of West Virginia myself and naturally I wanted to visit it, but above all we wanted to visit this resort, so famous all over the United States, and also I wanted to see Governor Morgan.

These meetings we have are fraught with great interest and are really worth while, but before talking about that I want to say something about this weather that has been referred to by the Governor. I am from a state where we wear palm beach suits and straw hats a great deal of the winter time, in fact some folks wear them during the entire year.

This is no doubt a great section. As I came along yesterday from Charlottesville over here I was impressed with this great country, and these mountains referred to, seem to have been just taken up and thrown around so indiscriminately; the majesty of them, they are wonderful, and I am quite sure that when your sun does shine it is glorious, and if what I heard is true there must be much melody out here in the mountains in your "moonshine" and I don't feel like blaming

Governor Morgan for this weather. I think it was Mark Twain who said that weather was much more discussed than any other subject, but that nobody ever done anything about it.

I am from Florida and we are indebted in that state to all the other states of the Union for so many people who come there seeking a good state and a splendid climate. They help us develop. I heard a story sometime ago of an old colored man who before the war was on the street of a certain city and saw the street car go by pulled by a pair of mules. Sometime thereafter he was in the same city and some of the enterprising people from Governor Channing Cox's state had come down there and put in a street car system, and the old colored gentleman saw this and he said, Well, dem northern folks am great folks; dey come down South and freed the niggers, and now dey hab come down here and freed the mules.

I enjoy these Conferences. I learn a great deal in coming to them. They are helpful. Some small things sometimes are cleared up. For instance, after I attended the conference last year, I knew why it was that Governor Allen of Kansas and Governor Cox of Massachusetts and some others always have their photographs taken with their hats on; there is a human element in it somehow or other, a human idea, if you know the Governors of the other states, but apart from that there are helpful discussions of problems. Our problems are all about the same.

I was impressed when the Governor spoke about the roads. That is about the most troublesome thing I have in my state. I think of that department in my state as the War Department, because it is the one that is giving the most trouble and it seems the hardest to satisfy the people. I imagine that is about the same way with Governors in all the states, and our taxation problems and educational problems, etc., are all real problems and very similar. We all have them, and we learn from the laws in force in one state much that will be of benefit to ourselves in our respective states, and with all that we get the necessary—not the necessary—but the common abuses as you do, and you know of recent years that more is expected of Governors—the strength of the administration is

usually measured by the legislative program we are able to put over. Of course we know the theory of our government on which it rests, about the coordinate departments, etc., and that one is dependable on the other, etc., but with the legislative and the executive it is a matter in which the chief executive is rather supposed to leave matters to be worked out of the legislature.

In connection with this, it seems that this Governors' Conference might consider a subject that I think is worth while, and that is the matter of uniform laws upon certain subjects. For instance, uniform marriage and divorce laws, there ought to be a uniformity between the states upon that subject. We have uniform laws upon some other subjects. For instance, the negotiable instruments law, that great measure which is the same in all the states now, with the exception of one or two, and it commercializes and stabilizes the law of the commercial people; and also the warehouse receipts law now generally adopted by all the states; and that stabilizes and gives full force and effect and the same construction in practically all the states of the union, to the law of commodity paper, commodity securities. There are many fields in which it seems to me we might have uniform laws passed by the states in keeping with the theory upon which our government is founded, and not expect the national government to go too far.

The American Bar Association in this particular have been doing a great work. Naturally, the men of that association are men of such constructive ability that when they get behind any measure or movement it will have its force and effect, and to them we are indebted for the uniform laws upon the subject to which I have referred, and I think among the most important is the one respecting the uniform marriage and uniform divorce laws. I hope sometime we will have uniformity in all the states upon that subject, but I must not talk too long.

I am just wondering if the services in the Greenbrier has deteriorated any since the days when Henry Clay used to stop here. I thought I could see some tears in the voice of the Chairman when he indicated or spoke of a matter a moment

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ago, but I think it quite probable we shall be able to restore the service in all essential elements later.

We have many large subjects to discuss and on tomorrow we are to take a trip over in the beautiful scenic atmosphere of the coal fields. It is perhaps proper that we should go and there prepare ourselves for a discussion of the Ku Klux Klan.

On behalf of all present I wish to thank you for the hearty welcome from Governor Morgan and Mr. Lewis, who have so graciously welcomed us on behalf of the great state of West Virginia and the Greenbrier. I thank you.

GOVERNOR SPROUL—As Governor Hardee says, one of the greatest features of this conference is the fact that the Governors can get well acquainted and learn of the things and conditions in other states. I sometimes have found myself judging the states by the splendid representatives whom they have sent to the Governors' Conference.

We have a very comprehensive program of discussion for this meeting. I am sure there will be a larger attendance later, but I think we shall proceed and get the benefit of the papers or discussions which the Governors have prepared for this session. I want to congratulate the Secretary and thank all the Governors who have contributed to this program for discussion which has been arranged. The first number which I see on our program is a discussion on the subject of Legislation and the Farmer by the Governor of Nebraska, Governor McKelvie.

GOVERNOR MCKELVIE—Mr. Chairman, Governors and ladies and gentlemen: I assure you that I was not aware of my being called upon to discuss this subject this morning. However, for your own benefit it is perhaps just as well I was not forewarned. I realize that the lunch hour is well upon us and I am not going to detain you overlong.

As I have met the Governors here this morning and have visited with them, it occurred to me that we might perhaps better turn this conference into a general experience meeting, and by so doing I feel that we would find a great deal of interest in common and more so than the subject upon which I am called to discuss.

Coming from a purely agricultural state, I suppose it is only natural that I should discuss the subject assigned me, Legislation and the Farmer, and I expect there are those here who have attended previous conferences who are very happy in the fact that it was unanimously agreed among the people of Nebraska and myself that I should retire to private life next year, because on every occasion I have talked on the subject of Legislation and the Farmer, which I consider is a pertinent and paramount subject and one that we have on every hand. It is not confined to Nebraska alone, but there is throughout the country agitation for legislation for the farmer and there was a time when that was I believe a matter of prime importance.

Looking back to my first experience in politics, some twelve years ago, I recall the vision I had then. I was a candidate for the legislature and, being a farmer and interested in agricultural subjects, I devised a plan by which I should emancipate the farmer from his ills, if the people would only join in electing me, and so I outlined an extensive program of legislation and was elected and went into the legislature and introduced many bills dealing with agriculture and worked for them industriously throughout the entire session, discussing them on the floor of the house and buttonholing every member in behalf of my bills, but it seemed to me that there was the most recalcitrant group of men in that legislature I ever met with, and consequently the bills were relegated to the waste basket, and I said to those recalcitrant members some things and suggested to them that when they got home they would see what the farmers had to say to them, but much to my dismay they went home and there was never a word said to them. Apparently the farmers and the good old ship of state floated along as serenely as of yore.

Now, during the decade which I have been permitted to serve in public life I have had an opportunity to view the question, and I have recognized during this time, that we have placed more laws upon the statute books than during all the previous years, and I think the same can or may be said of the national government.

I say we have a purely agricultural state in Nebraska. We think in terms of agriculture; we elect farmers to the

legislature; farmers represent the majority on the school boards; they are elected to county offices and a majority on the city school boards consist of farmers, and we have everything working toward the farmer in a governmental way, and yet the farmer is the poorest paid labor in this country today. I am prepared to say to you, my friends, that I am firmly convinced that legislation does not afford a remedy for the farmers' economic ills, not that we may disregard the importance of legislation on a business as basic and important as agriculture, but something else must be given attention.

Viewing the present day situation, I think we recognize agriculture as being in a serious situation, but if we look upon the subject in the light of developments and experiences, we will soon recognize that there are conditions developing or that have developed during the last six or eight years that can not be remedied by legislation, and which can be remedied only through the operation of economic laws. We are obliged to consider and inquire as to how this condition came about. So I shall here present to you just a few figures that have a direct bearing upon it.

The prices of agricultural products in 1913 gave the highest return to the farmer he ever realized per acre, and then the war came on and almost immediately in its wake came the depreciation of the prices of agricultural products. That is wheat, and I take these figures from the reports of the United States Department of Agriculture, which show that from August 1 to December 31 the price of wheat, No. 2 wheat, in Chicago varied from $85\frac{1}{4}$ cents a bushel to \$1.33; but in 1915 the average price throughout the year was \$1.31; in 1916 the average price was \$1.38; in 1917 the average price was \$2.37; in 1918 the average price was \$2.23. We then got into the war and begun to control the price of wheat as a necessary commodity. In 1919 the average price was \$2.53 and in 1920 the price ranged from \$2.57 to \$3.50 a bushel, the limit then having been taken off of the price that might be paid for wheat, and then in 1921, after the war and the readjustment set in, the low point was \$1.48; the average price was \$1.48, and the low point was \$1.00 per bushel at Chicago in November of last year. Now, again, the price of

wheat has begun to ascend until it has reached in September of this year from \$1.15 to \$1.20 per bushel; the same trend of prices ranged with reference to all agricultural products in a greater or less degree, showing conclusively that the trend of prices throughout this period has been influenced by the war. I recall very well in July, 1914, my brother sold his wheat on his own farm in Nebraska for 57 cents a bushel; then the war was declared and in August that same wheat could have been sold for \$1.00 a bushel, and from that time on the price gradually increased.

It was an abnormal condition incident to the war that caused the great variation in the prices of agricultural products throughout that period, and I attribute it to that particularly, a thing over which the government, the state, has not exercised a control nor has it been able to nor can it today.

Now the average return per acre of the ten principal agricultural products in this country, which in 1913 was the highest, the average return was \$16.49 of these ten principal groups, but during the war and with the depreciation it amounted to, finally in 1919 to \$35.74 per acre—had more than doubled the return per acre from the ten principal groups. Now, however, in 1921, it has receded again until the average was \$14.52 per acre, or 12½ per cent less than it was in 1913. The figures I have just given were 1921 I should say. Now, this average return would be normal with 1913. In other words, the return per acre on the land has gotten back to normal.

Then, you say what is the matter with the farmer? Well, the answer is he is confronted with the unusual cost in his production; he finds that his land that was cut \$75.00 per acre ten years ago is now worth \$150.00 an acre; he paid that for it; therefore at 6 per cent for overhead on \$75.00, would be \$4.50 an acre as of that time while today it would be \$9.00 an acre, and that item alone makes an apparent necessity for a greater return upon his operation.

The purchasing power of the farmer is not what it was in 1913, it is not what it was in normal times, and this, too, is a condition incident to the war. Taking 1913 as a basis, we

find by the Department of Agriculture reports that the purchasing power of the farmers' agricultural products was only 62 per cent of what it was before, and in March, 1922, under the depreciation in products this purchasing power increased to 76 per cent of normal, but again the returns in September of this year were 64 per cent, indicating that in some cases the price of the agricultural products has not held steady, compared with March of this year, and also there has been an increase in commodity and labor costs in March of this year and September of this year.

What, then, is the remedy for the farmers' ills? If we can correct this condition with legislation how are we to do it? It seems to me that the thing of prime importance is: better markets for American agricultural products.

During the war the farmer was encouraged to increase his operations extensively, and that is shown in the increased production of wheat in the world. In 1913 the world's wheat crop was four billion bushels. That included the wheat crop of Russia and Roumania and other wheat producing countries, but when the crop from Russia was withdrawn from the markets of the world that left the available supply at only two billion bushels in 1917. Immediately, however, there was response upon the part of the wheat producing countries of the world to the scarcity that existed and as a result the world wheat crop in 1918 was increased one-half billion bushels and in 1919 it was increased another quarter billion bushels and in 1920 increased another quarter billion bushels, so that the increase in the production of wheat in the countries, aside from Russia and Roumania, was one billion bushels between 1917 and 1920, and America was one of the countries that increased its production during that period when the condition showed the necessity for increasing the wheat crop. And so it is with reference to most of the agricultural activities, in our territory at least, there has been an overproduction incident to the war, and there must be some outlet for it aside from the markets of America alone.

We must find new foreign markets, but conditions also incident to the war have tended to close those markets to us.

The uncertain condition of exchange and the limited capacity of foreign nations to pay closed those markets. Already many foreign markets are obligated to us beyond the point that they can pay, and it is true today, and yet the people in those countries are in need of the products of the American farms, so I suggest this remedy as one of prime importance to the American farmer: If we can increase the consumption of American farm products in foreign countries it will have the two-fold effect of increasing the price here, and not only that but of equalizing the exchange value between the raw value of the farm products and the finished products of the factories. There is just one thing in the way and that is the disparity between the exchange value of farm products and other products of labor. If we could regulate that the complaint we hear throughout this entire country would rapidly vanish.

How are we to open these markets abroad, if these people can't buy—can't pay? I should say we can well afford to provide some means of credit to them, this credit to be available only for the purchase of American agricultural products, and before granting additional credit to a foreign nation the United States should first ascertain whether the applicant had reduced its armed force to a sound peace basis. However, I would not give such credit indiscriminately, and you might call it aid, for that is what it amounts to. We are giving relief in millions of dollars to the Near East today—actually giving it to them; so I should say that I would not extend this credit and relief to any nation that is maintaining a military organization that today menaces the peace of the world, nor would I forgive the debts heretofore incurred unless there was a general forgiving of all the debts by other countries. I think that America can bring to bear an economic force that will perhaps have more to do with peace than a great many other principles or negotiations that are being carried forward today.

There is a great deal of demand for credit, additional credit facilities, for the farmer. Perhaps more is being said about that than anything else. The farmer needs more credit. In a measure that is true and in a measure it is not

true. One of the things that injured Nebraska most was that not only the farmer but everybody else had too much credit; too much of a depreciation in land values because of speculation and that was an evil; he was able to go to the bank, however, and obtain this credit with very little effort and that is not confined to the farmer alone. In the first place, we can not hope to attain any satisfactory credit basis for the farmer until the business is upon a profitable basis; neither the government nor private sources will afford credit to a failing enterprise, and unless we can put agriculture upon a basis of profit we can not hope to establish a safe and sound basis for credit. If that obtained, and when it does obtain—when agriculture as an industry becomes generally recognized as a profitable industry, the sources of credit will quite readily be opened to it.

First, however, we must pay off the obligations we have already incurred, and for my part I should think it would be an unfortunate thing for the farmers of Nebraska if they were given that character of credit which would enable them to again enter upon a program of inflation that is not economically sound. The credit that the farmer needs, so far as he needs credit, is credit that will enable him to turn his products in the same way that industries in other lines are able to turn their products. He may need a longer period of credit, a longer tenure of credit, than industries that turn their commodities more quickly, but I should say it need not necessarily go much farther than that, and undoubtedly the government can give some relief and it should give some relief and will.

Adverting briefly to the question, it is my belief that the emancipation of the farmer lies largely in his own hands—through self, through cooperative, effort—through the application of the sound principles that have wrought success not only in his business but in every other essential line of industry, and I believe that during the coming years the farmer will work himself out and be commended for doing that.

I recognize that in the state of Nebraska, where our people are generally recognized as being industrious, we are still

engaged in a program of extravagance and waste that is entirely opposed to normal conditions. The people of Nebraska spend for luxuries, for amusements, for pleasure, for non-essentials, one hundred million dollars a year; a population of one and a quarter million people, wasting a very considerable part of that amount. During the war there was sold to the farmers millions upon millions of dollars of securities, and not alone to the farmers but to everybody else, even while the state was doing everything to prevent it, and today if the farmers had the money they wasted in that respect there would never be need for any agency to come into the state to give relief to our people there, and if you will make a survey of your own people you will find those who are prosperous and those who are dependent upon the state—the one being dependent because of those wasteful and extravagant practices and disregard of fundamental truths; the others prosperous because they are industrious, thrifty and apply in times of prosperity the same principles that they apply when times were not so good, and I want to see a return of that throughout the country, and I would be very sorry to see our government enter upon any program that would again encourage a period of inflation, even if it should bring temporary relief to our various necessary industries.

And I have this further suggestion to make: I would recommend a changed physchological condition with reference to the farmer. Let us cut out the hard luck story about the farmer. Unless we do, it will be only a short time until the farmer will be regarded as a panic maker and a hard loser.

We are asking credit—the farmers are asking credit. Did you ever hear of a farmer going to a bank and saying I want to borrow \$5,000, I am broke? How near do you think he would come to getting it? He wouldn't get it at all, and the thing that injured Nebraska was the wide spread publication of the reports throughout the country that the farmers of Nebraska were broke, that they were actually burning corn, that they were flat on their backs. Do you think the people of this country who have the money are going to invest in a losing enterprise of that sort? Certainly they are not, and the statements were not true, and the farmers were not broke

by any means, for the farmer had his plant; in many instances it was unincumbered, but something more important than that, he had his plant in which in many respects he could curtail the costs of operation, he could work harder himself, he could eliminate unnecessary employees, he could reduce their salaries, and all those things he did, and as a result thereof the agricultural industry of this country is the one industry among all the businesses that has returned to a fairly normal basis; others have yet to return; the farmers have taken their loss and have begun to recoup.

In Nebraska the War Finance Corporation loaned \$12,000,-000 to the farmers, with the understanding that it need not be paid back until the expiration of three years, but at the end of the first year over one-half of it was paid back to the War Finance Corporation. Six million dollars of that was paid back voluntarily, and doesn't that indicate that the farmer is getting back to normal?

Agriculture is the basic resource of this country. If it does not succeed, then we can not hope for general prosperity and success. What, then, is the phychology of success? If you don't believe in agriculture, you can't believe in the United States of America. It lies in the very foundation of our strength and our prominence as a nation. Then, I should say to the ones who are constantly holding up the farmers as a subject for relief, that they are rendering him no service, but are doing him a serious injury. We may regard this matter in the light of wisdom, but certainly not in the light of progressive expediency. I thank you.

GOVERNOR SPROUL—I am sure that address alone is worth the price of admission. I wish it might be sent broadcast to all the farmers throughout the different sections of the United States. The next on the program is a paper by Governor Hartness of Vermont on the subject "The Industrial Code and Human Economics."

GOVERNOR HARTNESS—Governor Sproul, Governors and ladies and gentlemen: The time is short and I will make my talk very short. I am not posing as a Moses coming down from the mountain top bringing to the nation through the

Governors' Conference "The Industrial Code and Human Economics."

I have my speech here in a large volume, quite large as you can see. I turned it over to my Secretary, No. 476, and told him he would find the words in the dictionary and that he could arrange them in any order he pleased. Copies of my address may be had here or will be mailed upon application. I am not expecting it to set the world on fire, but it contains merely a statement of my views, and which are also contained in a book I have published.

INDUSTRIAL CODE AND HUMAN ECONOMICS

JAMES HARTNESS, Governor of Vermont

Gentlemen of the Governors' Conference:

I present for your consideration some suggestions relative to the creation of a code of industrial policies and principles, the object being to set up certain standards by which labor, capital and our law makers may be guided.

An industrial code must be true to the laws governing the most effective use of our energies under the present day conditions. As these conditions change, the code must be modified.

The code should constitute an outline of industrial policy that will increase the paying power and improve the nature of the work, so that the basic causes of disputes and industrial unrest may be reduced.

Our present political and social unrest has been incident to the rapid development of our country, and our failure to adjust our scheme of government to the new economic conditions.

We have created gigantic systems of commerce, transportation, industry, finance, communication and other divisions of our work, but we have failed to create a regulatory plan that fits the needs of our people and nation.

Unfortunately there has been a growth of certain abuses. It is our present task to find ways and means to protect the favorable growth and at the same time reduce the unfair practices.

The difficulty in our present situation lies in the fact that we are now vitally dependent on the continued functioning of these very elaborate systems. Any lag or interruption in the functioning of these systems brings hardships to our people. For instance, a serious lag or a few weeks' positive interruption of our transportation system might bring starvation to any one of our great cities. At the present time such a condition is threatened by labor. We know that a strike that would bring such a result would create great suffering to the general public, and would also be disastrous to both labor and capital contestants.

These and other conditions seem to warrant some central equalizing board that will function in the interest of labor, capital and the public. But, thus far, regulating powers delegated to those outside of the work itself have brought in very unsatisfactory results. This has undoubtedly led the President and others to suggest the formulation of an industrial code.

It is generally conceded that there are certain boundaries that might be set forth in such a code that would greatly lessen the causes of dissatisfaction and provide a basis acceptable to all fair minded people, on which the differences of opinions could be equitably adjusted.

The drafting of a code of industrial policies could be in conformity with natural law as its working may be observed in the many examples of industries in which there have been working policies that have been of largest benefit to all the people in and outside of the industry.

The centralization of regulative authority is probably a necessity under any plan, but this plan should so set forth the laws of nature, as applied to modern industrial and national life, that the rules would be, like laws of nature, self-regulatory; but this ideal is probably unattainable, as there would be conscious and unconscious infractions of those laws just as there are now infractions of other laws, including the simplest laws of nature.

Attempts to regulate by governmental authority have generally been a serious handicap. This has been due to the fact that such regulation has run contrary to natural law.

These regulations have been of a restrictive nature and not helpful. They have applied the brake, shut off the power or placed obstacles in the way.

It is for us to continue the functioning of our systems, because interruptions lead to great disaster. But, we must do something more than merely protect the existing order. We must take up with a determined purpose the task of clearing the systems of harmful features. This must not involve a disastrous interruption; but, if we do not eliminate some of our unfair practices by orderly methods, we will see the continued growth of the political and social unrest.

Political economy of today demands, as never before, the most careful consideration of all those ways and means by which our work as human beings becomes most effective and beneficial. We must come to recognize that while it is highly desirable to obtain to the largest possible extent the private enterprise and initiative in business, we must adopt a code of rules, under which these enterprises must function. Such a code, however, must conserve all those elements by which the most beneficial action may be energized and protected.

Now, through scientific advance and the gradual building up of our great systems of production and distribution, there has been created a new condition—one that requires a system of regulation that conforms to its unique character.

The basic principles of an industrial code will not be written by one man. Each one, out of his experience and observation, may contribute something. We have already known of Governor Allen's contribution to this problem in his industrial court of Kansas. Our President, in his address to Congress, December 6, 1921, urged the establishment of "judicial or quasi-judicial tribunals for the consideration and determination of all disputes which menace the public welfare." He also mentioned "a code and a charter of elemental rights dealing with the relations of employer and employee."

We have provided the Constitution of the United States as a frame or boundary for our laws. In engineering we have formulated rules that conform to natural law. So now in the management of our industrial activities, we would do well to formulate a code of principles and policies that will conform

to natural law as it may be observed in the workings of our most desirable industrial organizations.

Such a code would indicate the conditions under which the individual functions most effectively, and it should set forth the principles and policies by which a high spirit, as well as the most effective functioning, must be attained. It should become a policy of management of both the industries and unions of labor, as well as a basis for arbitration of industrial disputes when they occur. Its existence would greatly reduce the number of disputes; but, for those that do occur it should stand as a basis of arbitration or adjudication.

The problem of government is a human problem. The problem of governmental economics is a problem of human economics. If we know how the human being functions most effectively, we know how the government and the people of the government can work most effectively.

Men work most effectively when they are pleased with their work and their pay in money and esteem, and they become depressed and inefficient, and in some cases anarchistic, when they are dissatisfied.

This element of satisfactory and just compensation becomes a basic element of good government. It affects the lives, not only of the manual worker, but all people in our country. The lack of such compensation is the basic reason for the internal strife that threatens the entire structure. This dissatisfaction is just as harmful whether it is based on a false or true premise. Therefore, we must not only endeavor to remove harmful causes, but also get rid of the false conceptions.

Regarding the problem of what is a fair and just pay, we can find no more equitable scheme of solution than arbitration based on a code that fits economic laws. The common sense point of view shows that we must establish such a basis before we can estimate what is a fair apportionment to each one.

In the formulation of the basis for such adjustment, it will not be necessary for us to leave the common sense scheme of procedure, but we must not expect to achieve this result in one week or in one year. A year's work of an impartial

commission of competent men should produce a code that would be better for labor, capital and the general public, than the present wasteful plan of strike and coercion.

Under the present methods force is used to gain a pay that is claimed to be just by the workers. It is a faulty plan because it is unwise and substitutes strikes and coercion for a rational arbitration. It depends on fighting strength and not on justice. If capital is the stronger, it wins; if labor is the stronger, it wins; but, in either case the strife has reduced the earning and paying power and has not been conducted on a just basis.

We must devise a basis for an economically sound compensation for labor and capital. The plan must be one that does not reduce the spirit of enterprise. It must stimulate the spirit of industry and provide adequate reward for initiative, effective organizing ability and all those prime elements that are essential to greatest beneficial results.

We must not reduce the opportunities for advance of the workers and others, regardless of their starting point in life. We must, however, put a positive barrier in the way of the man or men who try to gain wealth and power by ways and means that are injurious to the general welfare. We must see that not only the worker, but the capitalist as well, uses his energies in a way beneficial to the public interest. The code should easily embrace the full scope of the use of all energies and all resources.

Such a plan demands the minimum interruption of our activities in producing and distributing our product. It dictates this because we know that the wages of capital and all kinds of labor—professional as well as manual—depend on the amount of value produced; that the largest value will be produced by a combination of best methods and a continuity of operation. Anything that reduces these essentials reduces the value produced.

Therefore, one of the big facts for us to grasp is that we must eliminate the waste and ultimate loss due to either the interruption of work or the use of inefficient methods and implements. We must also eliminate, as far as possible, every agency that tends to lower the spirit of the workers.

Another essential fact is, that we must make it clear to everyone that our present order, with its good and bad features must not be interrupted. In order to allay the unrest we must show a determined purpose to greatly improve the existing conditions.

In the formulation of a code we must indicate the ways and means for making the best use of our resources of labor and capital. Since it is the human element that must be considered when we are trying to find the most effective ways of management, we must go back to the study of the nature of the individual. When we get a fair understanding of the individual, our next step is to study the group. In all this study, let us keep in mind that our problem is to reduce the discontent. We must create conditions that make the work more congenial, easier and better paying. This object must be attained if we are to prevent a breakdown of the great economic structure of industry.

If our government of the people, by the people and for the people is to endure, we must maintain the conditions by which the groups of men work most efficiently, and this scheme of continuity of functioning of the group is one of the fundamentals that must be grasped. It is one of the conditions under which we have grown, and it is one of the conditions that must be maintained if our government is to survive, and it is the condition on which our present and future welfare depends. Anything that reduces the degree of efficiency of the group, reduces the value produced and consequently not only reduces the power to pay the various workers, but also reduces the strength of the nation. and here comes in our big national menace.

Mention has been made of the destructive effect of strikes, but it is not the strike that constitutes the most serious menace. The greatest menace is the existence of serious inequalities, that our present regulations fail to correct, and the fact that false leadership and false propaganda will continue the spread of disaffection if we do not correct both of these menaces.

Back of all harmful causes we find a lack of knowledge of the fundamental principles on which our economic and general welfare depends.

The task that is ours today is to set forth the plain facts regarding these principles, so that all people may understand.

In order to get a better comprehension of our present condition, let us glance over the changes that have taken place. At the time of the founding of our country, our scheme of life was of a simpler nature and each man could work out his own destiny. Today we have a system of work that demands the most complete team work of the whole nation. By the new system a man can produce a hundred to a thousand times the value he could under the old order of things, and the adoption of this new system has made it possible not only to supply the primitive needs of food, raiment and shelter such as we had one hundred and fifty years ago, but we are now able to produce millions of accessories that go to make a man's work still more efficient and at the same time enhance his general welfare.

In creating this new order of things we have used the best energies of mind and body under conditions by which they function most effectively.

Each one of the thousand divisions of the greater problems has been worked out and solved by a group of men who have concentrated all of their energies on that one purpose. We must now give thought to protecting the coordination of those elements, and this becomes a supreme problem in statecraft.

Some one nation will go ahead, and that nation will be the one that makes the best use of its energies. To that nation other nations will pay tribute in the market where the products are exchanged. That nation, with hostile purpose, could subjugate all others. It will be invincible in war.

From every angle of view there is just one course to pursue, and that is forward. Our trend forward, however, under our form of government, can only be maintained when a strong majority of the people is so inclined, hence our strength in relation to other countries will depend on the relative spirit of the people of each country. We must see to it that discontent is eliminated as much as possible, and that we energize our people to the greatest extent in serving effectively.

In order to do this we must clarify the subject by setting forth the fact that certain conditions are necessary for progress. We must be prepared to find a continuation of inequalities due to transitional conditions brought about by progress, but these inequalities must be considered from a rational standpoint. There must be a constructive attempt to change these objectionable conditions as fast as the general welfare of the organizations will permit.

The highest functioning of this economic structure is dependent therefore upon the highest spirit of the group. In each of the millions of positions in the great structure, certain conditions are necessary to protect that spirit. The functioning of this structure in normal times has resulted in America's leadership in providing, for the larger part of our people, those things that make for progress, comfort and happiness.

It is not surprising to find that we have many discontented people in our country. Such people may be found in any nation. In this discontented group, however, we have now many of high mentality and noble purpose, who believe the world would be made better by some one of the many schemes that have been devised that run contrary to the laws of our land and contrary to the natural law of human economics of today.

The purpose of the code should be to establish conditions that will be acceptable to labor, capital and to the general public. We must outline policies that will increase the total earning power of all our resources and services, so that the power to pay for the services of labor and capital is brought up to the highest standard that such policies can establish.

This increase of the paying power is one of the strategic points in reaching a result that will be acceptable to all. It would by no means be tied to an increase in all directions, for that would merely maintain the present inequality, but it would reach in a most effective and popular way a host of those who are justly entitled to higher pay.

In order to increase the earning power, we must not only eliminate waste of material and energy, and build up organizations in which the material ways and means are most

effective, but we must eliminate as much as possible that enormous waste due to dissention, and replace it with a high spirit of interest in the work, and a confidence of all that there is now to be set in motion an effective means for a more just pay for services rendered.

As already stated, it is not possible for one man to set forth all of the essential elements of such a code, but it is possible to select from our best types of industries certain policies that can be advantageously adopted.

On the subject of eliminating industrial waste we have a notable address of Secretary Hoover delivered at a United Engineering Conference at Syracuse, which indicated ways by which the many obviously unnecessary industrial wastes can be reduced.

One of the major policies for increasing the earning power is the policy of specialization. We have many examples of industrial development in the country that clearly demonstrate the supreme effectiveness of specialization. One of the most recent examples in the machinery building world is set forth in "My Life and Work" by Henry Ford. There are thousands of other highly specialized industries in America, but this is the most spectacular example. A serious study of it shows the absolute need of a firm adherence to the policy of specialization in order to attain the highest wages for the services of both labor and capital. This general plan of specialization is one that has a most valuable service to the people of the country, in providing, in the Ford example, a means of transportation of great utility and at a low price that reaches a much larger number of people than would have been served if such cars had been sold for a larger price. The average practice of other machinery building companies cannot produce a car of similar value for much less than twice the present selling price. The reduction of the price of such utilitarian devices is of great economic importance to our people, but it was only attained by the persistent sticking to the plan of specialization.

Observations of other industrial activities covering a period of thirty years, in a field including the most advanced industrial activities in America and Europe, has been

summed up in my own feeble attempt in a little volume entitled "Industrial Progress and Human Economics." It was written primarily for the purpose of stimulating greater interest in industrial development in my home state, but the principles and policies set forth are of a character that should be given careful consideration in formulating any code that will embrace an increased earning power, a more satisfactory pay and prospects for the workers and better return for capital, initiative, enterprise and all those things that we know are essential to our industrial welfare; and last but not least, it sets forth elements on which depends the strength of our nation in times of peace and war.

The natural questions that will arise in the minds of all who have given this matter the most careful consideration are:

Where is the basis by which we can adjust, to the satisfaction of the present contestants in the field, the rate of pay or wages of labor and capital?

Has not the fight been waged so long that there is now an enmity that cannot be reduced?

What can be done in the cases of some of our industries, notably the textile, shoe and mining, that have already a high degree of specialized processes?

How can we now overcome the present notion that both capital and labor should be free to fight their own battles and determine their own courses independent of outside regulation?

These and other questions that press for immediate answer will find the true answer in actual work—after we have commenced working under rules that fit natural law.

All people are not committed to enmity against unionized labor or combinations of manufacturing organizations. Even in the extreme groups there are many men who wish to serve effectively and receive a fair pay, and serve in peace. These men and the great mass of thinking voters can see the justice of an attempt to arrive at an equitable basis of compensation of all services. They can see that the crooked purposes will be fully shown up as we proceed with this plan of selecting policies for an industrial code. They know that the policies that fit our economic laws and our human needs are unlike the policies of unfair dealing.

These men still remember that we have been in a war. They still hold in highest esteem our flag and our homes, and they now see the handwriting on the wall. It is these people who constitute the great mass of thinking voters who will recognize the need of a common sense plan that will bring an adjustment through orderly processes.

They know that the continuation of strife lowers the individual efficiency, the values produced, the steadiness of employment, and, last but not least, it weakens our nation both in conquest of peace and in the conquest of war.

Those who still long for a chance to improve the conditions of their families and homes, and who will vote for and live for high standards, are the ones who will stabilize our government by opposing disruptive anarchy, providing they see a rational and unprejudiced plan that can accomplish this purpose by orderly methods.

They know that the essential elements of an industrial spirit is the spirit of work, and work is the farthest removed from crookedness of purpose.

They know a straightforward purpose is the natural purpose of a worker—that if he has any other purpose it has been forced into his mind by someone who is not a natural worker.

They know that men who have accomplished the most for the workers in cooperation and planning the ways and means of working have not functioned to their highest efficiency with mercenary motives.

They know that our form of government is not a failure—that it can provide orderly ways and means to correct our existing abuses—that, although we have been very remiss and tardy in action, there is now a definite warning that we must act according to a rational plan.

The importance of the broad view of Human Economics in the industries lies in the fact that it is basically the determining factor in the wage and capital contest.

With a true basic starting point we will arrive with less conflict to a general understanding regarding rate of wages for labor of all kinds and capital.

I realize fully the disturbing nature of even the suggestion of determining the value of capital's service and the thought of the possibility that any one should have the hardihood to suggest such an adjustment, but a code that truly fits our economic laws will not lessen the highest rewards of capital that have been justly attained in the past, but it will put a definite barrier in the way of high finance schemes of robbery of the public and labor. Its actual effect should be to increase the earning power of capital by eliminating the uneconomic practices.

We are hearing much talk about dehydrating our heavily watered stocks. It is stimulated by the knowledge that watered corporation stock has been the basis of capital's claims for exemption under excess profits tax, as well as an excuse to take off unfair profits.

We must discuss it frankly and openly. It must be understood by the general public. It can be expressed in words that all will understand and on a basis that will continue the beneficial results of the past and eliminate or greatly reduce the harmful results.

To meet this general proposition in a way that will benefit labor, the public and fair and square practices it is necessary to set forth the basic principles of industrial and Human Economics.

**EXTRACTS FROM "INDUSTRIAL PROGRESS AND
HUMAN ECONOMICS"
CONQUEST OF PEACE**

Before the war the nation approached a serious economic crisis. The war has accentuated the gravity of the situation, but has also demonstrated certain human characteristics that can be enlisted to correct our course. We found during the war that we were ready to make heroic action whenever an occasion demanded it—that there was a solidity of purpose of our people. This characteristic must now be invoked. We must meet the conditions that confront us by unity of public opinion and team work.

In war the nation that wins the victory imposes a burden of tax on the conquered nation. In the conquest of peace the victorious nations also impose a burden on the loser. This burden is just as real as the burden imposed by war, for in both cases the losers are paying tribute to the winners. This applies to states, to communities, to families and to men. The situation calls for prompt attention and concerted action by the people of our state and country.

In the conquest of peace success comes to those people who produce the greatest value with a given expenditure of energy, or, in other words, to the people who at the end of a day's a year's or a life's work can measure their return in the largest value. If, to accomplish the same result, the man with inferior implements must work harder than the man with the best implements, it is very easy to see who has to pay tribute to the other in the market where values are compared and payment made for values. The same holds true regarding methods of management and all those factors that effect the value of product of a man's work.

Owing to the advance that has been made both in invention of implements and methods and in the organization of workers, there is now a marked difference in the value of the product of a day's work. A study of this situation shows the supreme need of action that will direct our energies as individuals, as a state and a nation in a way that will bring the largest value for a day's work.

A simple outline of a desirable industry may be drawn through the following points:

First: An ideal industry is an organization in which the energies of mind and body are most effectively employed.

Second: Since man is something more than a physical body, his work must be one in which he feels an interest and satisfaction.

Third: Since there are various kinds of implements to aid man in his work, a successful organization should use the most effective type.

Fourth: Since man is a creature of habit and functions most effectively when he has acquired skill through experi-

ence, each one in the workshop and office should be experienced in his particular branch of the work.

Fifth: Since the high skill of man is attained through repetition of operations, the management must subdivide the work into classes in which each man can become highly proficient.

Sixth: Just as there is an individual skill and ability acquired by the individual, so there must be a group skill built up. The group skill is acquired by the coordination of the energies of all the workers so that the work flows naturally and evenly from worker to worker with the minimum hindrance. This coordination takes place naturally through experience. It only needs common sense supervision and a protection of the workers from the impractical interference of faddists.

The most desirable industries are those in which there is an opportunity for development of all the workers and a chance for the greatest number to find the best opportunity to acquire special skill and special ability. In such industries there should be the open door of progress so that those who are qualified for advancement can go forward from position to position with no barrier other than their own mental or physical limitations.

Special ability, skill and team work are only acquired by long specialized practice. These qualities constitute the most valuable assets of an industry.

Very elaborate systems have been designed for controlling the flow of the work through the plant and the division of the various activities between men and departments, but the real effective coordination must grow out of the actual working conditions of the workers. This natural evolution of the group's effectiveness as a single organization is one of greatest importance. The impractical theorist becomes a menace if he tries to quickly change the methods of work irrespective of both the group habit-action and the habit-action of each man.

Changes must be most sparingly made, with the full knowledge that anything that interferes with the habit-action of the workers is a serious hindrance. All people

concerned, whether as executive in the industry, or as investors, must remember that in a growing industry, individual skill as well as group skill of the whole organization greatly improves with continued action. Under the process of continued action the average man can make a fair showing and with a reasonable degree of moral support will make good, while without it, the ablest man will have a hard time and even fail if he is forced to accept changes that disturb continuity of action.

The management must conform to the best world practice in engineering, industrial life, individual welfare and economics. It must have every element of organization kept in best condition. The spirit of the group is of great importance, for the organization goes forward on the congenial nature of each man's profession or work. Each man's energies, both mental and physical, must be employed constructively with the minimum disturbance. His energies must be concentrated on his own particular work. This concentration applies to all workers and executives. This plan is based on the fact that, through continuity of attention and application to a given work, man acquires a special aptitude. It also recognizes that each man on the face of the earth, from the tramp along the railroad to the most highly developed scientist and executive, has a special knowledge and special ability that he has acquired by experience.

It is needless to say that in competition with the whole world there must be alertness every day in the guidance of details of mechanism and business, and that it is not by the gathering together of a group of men at the end of the year or even once a month or once a week that business can be effectively managed; it is a continued application to the work every day and every hour that counts.

There should be no absentee management. The men who manage must be in close touch with the work and the workers—not merely through written or oral reports, but by actual observation.

Travel, study and observation of other connections and work are necessary, but the manager's home must be with the industrial plant and that must be his prime interest.

LIMITATIONS OF MAN'S PROGRESS

It is neither natural nor possible for all men to become managers or office men. Such positions are not of a kind that is satisfactory to many of our ablest men. Some are happiest in work in which they acquire great skill. They are disturbed and made uncomfortable when required to solve certain kinds of problems. Some of the greatest achievements have been wrought by such men, who have been highly honored in the past and such men will have more recognition as time goes on, for we are coming to understand the fact that we must depend on such men for special ability in the form of skill, whether it is in the surgery, mechanics, art or any other branch or division of work or the professions. Such men are not talkers and do not force themselves into spectacular positions. To say that there is no progress for the surgeon if he cannot become manager of the hospital nor for the skilled worker if he cannot become manager of the industrial plant, would not be in keeping with facts for we know that such men have made the greatest contribution to the world's welfare and should be accorded high honors for such service.

PROTECT THE INDUSTRIAL SPIRIT

Industries and the workers should be protected from incompetent managers, investigators and impractical theorists.

Industries and the workers go forward by actual work, not on manipulation of stocks, bonds, laws and schemes to wreck or boost for temporary gain of some one interest.

In general it is safe to have faith in the honesty of the workers and those who cooperate with them—at least we can start with the assumption that honesty is not monopolized by some of the professions.

If we will remember that an industry has a vitality the same as a man, that its life can be destroyed by an ignorant investigator with a probe poking into every nerve and muscle, we will protect this country from these destructive forces and make it a more natural place for industrial development and progress.

The attitude of the workers and the general public should be cordial instead of antagonistic for every desirable industry is an asset of great value.

In theory and law an industry belongs to the stockholders, at least it is for the stockholders to elect the board of directors who through practical officers manage the business; but, as a matter of actual fact the industry is of greater value to the man who has the best job in the world for himself in that organization. Hence the life of the organization may be of greater value to him than it is to any one of the stockholders. In the same sense the existence of the industry is of greater value to many others in the organization and in the community than it is to the stockholders. Therefore anything that interferes with the success of the organization injures many people.

WHAT IS NOT AN INDUSTRY

Perhaps it will be well to state first what does not constitute an industry. Power, transportation facilities, fine buildings, fine machinery and a group of skilled workmen, a complete office staff and an elaborate system of fat management do not constitute an industry. Such an aggregation might be likened to a cargo ship all ready for service excepting that it lacks a captain and navigating officer and some one to determine what kind of a cargo to take, where to go and how to get there.

The greatest value of an industrial plant that has everything but a work to do and a leader to determine its major policies, lies in the skilled workers and able executives in work and office. The buildings and machinery come next in value, but the whole thing is worthless without the idea and the vision.

“DEAD” ORGANIZATIONS

In all cities we can see “dead” organizations. Many of these companies that are actually “dead” seem to have life in them because they continue to move, but in many instances the motion is only due to the momentum of a push that was given years ago.

A "dead" organization may show signs of life in its gradual growth in size, but its real character is to be seen in the extent to which it is departing from specialization or by the continued use of antiquated methods and buildings.

The departure from specialization is generally due to either lack of courage to discard obsolete designs or to an inclination to consider the business from the selling end only.

It takes courage to discard an old model and it also takes courage to refuse to build some new invention.

The indifferent management carries the old and takes on the new. This policy covering many years creates a condition that is far removed from the specialization plan.

The management that views everything from the selling side of the business is also inclined to go on indefinitely increasing the line of goods manufactured.

The drift away from specialization may not be disastrous today or tomorrow, especially, if there are no competitors who are specialists, but the inevitable result will be the burial of the "dead" organization when a real competitor comes into the field.

The calamity of the existence of "dead" industrial organizations is something more than the ultimate loss to the stockholders, it is the deplorable stagnation in which the workers find themselves with their progress blocked by lifeless management.

SOME INDUSTRIAL HOWS, AND WHATS

How groups of men achieve the highest results in expenditure of given energy.

What is necessary to establish such conditions.

What are the most desirable opportunities.

What are desirable industries.

Why the need of building up habit-action.

How a group of men, through team work, acquires a group habit-action by which their product greatly exceeds the product of the same number of men working without cooperation.

How the individual ability and skill, as well as the group ability and skill is only to be acquired by repetition that establishes habit-action.

Why repetition of operation is essential to acquisition of skill and special ability.

What are the boundaries that divide the Jack of all Trades, the specialist and the victim of an overdose of repetition work.

Why industrial managers should know the cardinal principles of invention, of industrial engineering, industrial management, industrial relations and the human factor in engineering and in the industries.

Why a plant may be growing in size and paying dividends and may still be dead so far as the spirit of enterprise is concerned.

Why some men try to manage industrial plants regardless of the cardinal principles of progress of workers and the state.

Why the ideal conditions for the workers and executives can only be found in an industrial establishment that can successfully compete with others.

These "whys," "whos" and "whats" are of importance to all and suggest a line of thought and interest in this industrial discussion.

HABIT ACTION, BASIS OF SKILL AND PROFICIENCY

We have many text books on the subject of industrial finance, of engineering, of invention, of industrial management, and all these books are written on the assumption that the human being knows his own kind. A study of our failures seems to reveal, however, that we have misunderstood the human being.

For instance, while we know that skill and experience is invaluable, we make our mistake by underrating its value, or too often we limit its application to the hand worker. We say that skill of the pianist, the surgeon, the workman, must be acquired by practice. We know that in many trades a workman must spend three, four or more years as an ap-

prentice, and at least the same number of years is necessary of actual specialized practice in almost any department of work, but we overlook the fact that that special skill or that special ability on which modern success is based must be acquired under certain conditions.

The oriole builds a nest unlike the robin's nest. Each is qualified in its own work. We know that these birds would be sorely handicapped, and would probably be downright failures in providing nests in season for eggs, if each were required to work to plans and specifications of the other bird's nest.

Our fundamental error in understanding our own kind seems to lie in the fact that we fail to recognize that man is a creature of habit to an extent not quite equal to that of the lower animals, but nevertheless to a degree that positively stands in the way of any man who tries to create or manage an industry without giving due value to this one element.

Another way to say all this is that we must recognize experience is necessary—experience not only for the worker but for each one in the organization.

The effect of this characteristic of habit-action is so profound that any disturbance in a plant due to changing the position of benches or machinery or changing the character of the work sorely interferes with man's efficiency. On account of this characteristic the degree to which man's energies are most effectively employed goes in direct proportion to his freedom from changes in the character of the work. The importance of this will be realized when we consider the question of competition, for that, in the last analysis, constitutes the measure of success.

Now, if we extend the plan of acquisition of special ability to embrace men in office as well as in the workshop we have covered the whole subject and have said nothing more than that it is necessary for all men in the office as well as in the workshop to have a special ability that has been acquired by experience.

If it is as simple as this, why the need of saying it? the need is brought about by the painful fact that one of the

characteristics of habit-action is to continue on without change even after the mind has apparently recognized that a change should be made. Success comes not from the mere "acceptance" or word knowledge of these things, but through action.

SPECIALIZATION

Of the many elements on which industrial development depends, the question of specialization looms large.

Under the general term "specialization" we include all plans and methods of work by which the scope of activity of man is concentrated to a limited range.

The highest degree of skill of artist or worker is attained by concentration of energies to a restricted range of work. It is through practice that the skill is acquired. The highest skill and the highest ability is attained by the degree of interested attention and number of repetitions of a given kind or work.

Other things being equal, the practice, combined with keenness of interest, makes the most successful man in a given profession of work.

Repetition of operation becomes an automatic (habit) action in which man accomplishes the most work for a given expenditure of energy.

These two results—proficiency and easy performance—are of greatest value, but repetition of action, like nearly all good things, is not without its drawbacks. An overdose of one kind of work with a limited range of action frequently leads to dulling the senses. This stultifying effect produces a most undesirable result. The harm begins when there is a loss of interest in the work, for it is through the interest that the progress is made. The dividing line between the good and bad results varies with different types of men.

The simplest tasks may become of intense interest to the scientist and he may achieve great success in a work that to others seems monotonous drudgery. But with all its drawbacks it still is the best way for men to work and while we must labor to eliminate the condition of drudgery, we must

face the plain fact that competition between men, industries, state and nations makes it absolutely necessary to specialize.

Specialization by the men and groups of men will determine the question of superiority of advance in science, industry, commerce, general wealth and welfare, as well as military strength in the time of war.

The opposite condition is the employment of energies of mind and body in ways that cannot produce high degree of ability. With such desultory use of energies, a day's work is of relatively small value, and there is no progress.

Of the two extremes we find the most prevalent to be the scatter-brain and scatter-ability type.

The industries of the higher type lead in providing the best implements and in organization of best team work by which each worker produces the greatest value for a given expenditure of energy.

The essential bearing of these facts is that the worker as well as the business man should compare his work with the work of others with whom he is in competition.

In these days of long distance transportation our competitors in the market may be a great distance away.

If it is in agriculture, the question of climate, soil and degree to which highly efficient implements can be used, are important factors.

If it is in the professions we must see how we can acquire the greatest proficiency and opportunity. This again involves the question of the extent to which we must specialize.

The measure then of success is the value of our services as compared with the services of others.

One of the important problems in industrial management is the extent to which specialization should be practiced.

On one hand we see the ill effects of a routine repetition where there has been an overdose of repetition—one that has gone beyond the beneficial point—and on the other hand, we find that the greatest achievements in the sciences and professions have been wrought by those who have concentrated in a way that has given them a higher development. Unfortunately in many of the industries, the development of

machinery has gone forward with the sole end in view of dollars and cents, disregarding the effect on the worker.

This is to be found in some of the industries in which originally there was an opportunity for the worker to have a keen interest in his work. Mention is made of this situation as it comes about with certain stages of development of the manufacturing processes. It is unfortunate and something that the engineers and managers should endeavor to eliminate.

Nothing has been said thus far regarding the invention of new forms of articles to manufacture, or of new methods of machinery for manufacturing articles. These elements and many others are necessary in order to complete a successful plant, but the fundamentals embraced in a statement regarding the habit-action of man represented by special ability and skill acquired by experience, and the habit-action of the group acquired in the same way, constitutes a measure in determining the way at ninety per cent of the cross roads in industrial progress. Anyone undertaking the creation of a new organization or the management of a going concern must grasp these facts.

The value of experience, if acquired in an industry where such fundamental principles have been recognized, should be given the highest rating. Experience, however, in an industry where the energies of men were not most effectively employed and where there was not a recognition that the effective employment of a man's energies requires a general development of mind and body up to the man's capacity, cannot be counted as wholly good unless, through force of purpose, there is the strength to adopt a new path.

CAPACITY FOR NEW IDEAS

The assimilating capacity of the industrial world is the real gauge of the progress which should be indulged in. This capacity to take in new ideas and to work by new methods is not the same in all beings, and it is not the same in all organizations. There are ways by which it may be measurably increased. New views are more readily digestible

if presented by enthusiastic advocates, as this stimulates an interest. Any attempt to forcibly inject new ideas only results in indigestion.

The assimilating capacity of an industrial organization can be greatly increased by any scheme that awakens an interest. The controlling policies should include advance in efficiency and generally in the quality of work turned out, but this advance should not involve a break in the output. It should be based on a knowledge of the whole business. In other words, it should not only pay in the long run, but if possible it should pay from the moment it goes into effect.

We have said that all changes should be of the digestible kind, and the feeding process should not be a stuffing process; that the ingestion should not exceed the digestion. We have also briefly mentioned the importance of keeping the digestion tuned up to the best speed by having the organization in a condition to most readily take in changes.

That we must make some allowance for inertia of thought and habit in all mortals goes without saying, but the exact amount to be allowed is very difficult to estimate.

Successful management depends on the degree with which a man can estimate the receptivity of other beings with whom he deals. This knowledge of receptivity should include the thought and action of men all the way from the unskilled worker to the directors, and also that of all men in other organizations in any way effected by his organization.

Just as food is more digestible if agreeable to the palate, so this receptivity or assimilating power may be increased by presenting new ideas and methods in agreeable form. A full realization of the effect of this inertia of thought and habit makes the great efficiency of specialization more comprehensible.

It is this human side that is the key, and if we do not act in full accord with it we will probably be working against a great handicap.

The inertia works two ways. It hurts a progressive man just as much to be tied to a work that requires no brain-work as it hurts a sleepy member to be disturbed by progressive talk.

The men selected for each of the various positions should be men who are fitted to fill these very positions. This does not mean mere physical and mental fitness; it means each position should be filled by one who wants it, one who knows he is "better off" in it than in any other place he can find. Dissatisfied men are burdens. It is better to have each position filled by a man who is barely competent to fill it than to have it filled by a man who should have a much better position.

Of course, this is the ideal, and all moves should be made in this direction whenever it is possible. As a rule, it is easier to find men on this basis than to find men who are bigger than the office.

RIGHT PLACING OF MEN

The management's chief business should be to take man as he is found on earth and place each one where he will accomplish the best results for both the organization and himself.

Barring the disgruntled, the uncongenial and the habitually inattentive, almost all men may be and should be profitably employed, the prime requisite being reasonably close attention to business. The thoughts must not habitually wander away from the work.

Intrigue disappears when the management quits looking for it, and assures everybody, by the general method of conducting the business, that there will be no chance to oust this or that man and that each man will be retained in his place if he will but give reasonable application to the general interest of the organization and the particular work of his office.

The management does not "manage" if it perpetually changes its men. It should bolster up the man who lacks self-confidence; it should puncture false ambitions, and it should use men as they are found in the organization. It should not be inclined to "go back on" a man who has blundered or who has been found lacking in understanding.

It should not be over-ready to embrace a stranger just because his faults are not known.

The financial hazard of a business enterprise is greatly minimized by using men as they are found, and properly placing them at work or in offices for which they are qualified.

SUBDIVISION OF WORK

The division of work into separate operations makes it possible to divide the subject into relatively small sub-problems. This division of the subject itself brings it within the capacity of the lesser brains and makes it very much easier for a brain of greater power. In other words, the subdivision of work makes places in which all mental equipments may be used.

It is of no benefit to any one to keep the problems difficult by making each man think out a process for accomplishing each one of a great variety of operations, when the work may be so divided that it is only necessary for him to think of just one little part of the whole. And we should not befog the issue by saying that this is degrading.

Some of the greatest scientists that the world has known have concentrated attention to the smallest conceivable part of this world, pieces so small that the microscope alone revealed them to the eye. There is a chance for the thinker in most any of these places that have grown out of this process of finest subdivision of work. The hardship comes only when the mind cannot get interested in the work. In many cases this is undoubtedly due to a misfit, but in most cases it seems to be due to a false notion that there is nothing there of interest.

The subdivision work must go on. If hindered in any one plant, industry or nation more than in others, the result will be a loss to that one, and on the other hand, the one that carries it to the most efficient point will become the most powerful.

This subdivision develops greatest dexterity and skill, as well as the keenest comprehension of the ways and means of attaining a given end. And this dexterity of operation is more easily carried on than is the fumbling uncertainty of the work of the more primitive type.

CARE IN APPLYING NEW THEORIES

The manual worker's energies are so absorbed in the physical tasks that he is annoyed by any suggestion to change his method. If he were given the position at a desk he would probably be interested in the progressive schemes for the betterment of methods of work or management of business.

Bearing this state of affairs in mind, it behooves the progressive man to approach the problem of applying his theories in a very careful manner. He must realize that the men in various parts of the work are under stress of every day's requirements that makes it very difficult to intelligently take up any new scheme of procedure. Many an ideal doctrine is a beautiful thing in theory but of little value if its introduction requires an immense unavailable energy to put it into practice.

He must realize that it is the doing of work that counts and that the men who are doing things must not be annoyed. All plans for betterment must conform to the assimilating power of the men and must not cut off their food in time of change. In other words, the new plans should be so matched on to the old methods that the change to the new will not interrupt the production.

We have seen that the most efficient way to use man's energies is to allow him to follow habit lines of thought and action, and that the highest efficiency is reached when these habits are habits of concentration of attention.

DISSIPATION OF ENERGIES

This tendency to dissipate energies by wandering into other fields is not confined to the worker; it is a most common tendency of business men. A manager of an industrial establishment has to continually combat his tendency to divert the energies of the organization along new lines. He knows from past experience how dearly bought is each new method that is introduced into his organization. He knows for example that it would make all of his men tardy at the plant in the morning if at the hour of arising he has issued

a request for each man to dress by carefully thinking out each move. He knows that the day's work would never be well done if he asked each one to think before acting.

The human view will make us all labor towards the complete elimination of degrading tasks, by changing machinery and processes so as to fit the various types of men available. Through it all, we must see to it, that our scheme of work is true to the fundamental law of specialization, and that we recognize that there must be some division between the physical and mental tasks, and that this does not necessarily lead away from democracy. In fact, we recognize there are two extremes. At one extreme we find the ideal of a highly specialized organization in which the greatest value in quality of work and quantity of output is possible through a complete coordination of the work of all types of men, each at his own kind of work, in which each can excel; and the other extreme is which we find a general disorganization which returns us to the primitive condition in which man's energies were most inefficiently used. Such a state is the natural result of anarchy, and it is a state that would leave this or any other country an easy prey to a country in which specialization existed.

One means team work of great wealth-producing capacity, and the other a state in which the struggle for mere existence would be severe.

The salvation of civilization will be worked out if there is at least one well disposed nation that stands firmly for specialized industrial organizations. This will result in both industrial and military supremacy—for it is now well known that military supremacy cannot exist without the highest types of machinery building shops.

Such a nation could dominate all others and could ultimately check the disorganizing activities of the well-intentioned but short-sighted reformers.

The higher form fits our highest civilization and national security, and the other is a direct step toward chaos.

Nevertheless there is almost a stampede of sentiment against specialization and its product—the large industrial organization. This stampede has taken many of our other-

wise well informed people, and now we are seeing its extreme effect in the iconoclastic fever that is raging in Russia and elsewhere.

We know that the individual, the industry or the nation that specializes will produce the greatest results with a given expenditure of energy, and we know that all this plan of specialization requires a coordination of the work of all.

There should be brought about through specialization the highest degree of ability on the part of the executive officers, as well as the highest skill of the workers, and each man should have the satisfaction of knowing that no one on the face of the globe can excel him at his specialty, and furthermore that his energies are expended in the best way to produce value.

Many men have already realized this ideal. Many industrial organizations have also attained it in a very high degree, and while there was a trend of some of the nations toward specialization before the war, there was developed in America a spirit of antagonism toward the large units that had grown up as a result of this specialization. Not that specialization was objectionable, but that industrial supremacy of an organization was thought to be a distinct menace.

Since it is in these specialized industries that the individual should find his best opportunity to produce the greatest wealth for a given expenditure of effort, such organizations should be maintained and all others should be gradually changed over so as to make the most economical use of the man power of the nation.

We have found by experience that industrial organizations are successful if they specialize. We have handed down to us the saying that "The Jack of all trades is master of none." Our brains accept these statements, we recognize them as facts, but owing to one of the irrational traits of the human being, it is one thing to believe and another to practice. It is one thing to superficially know that it is important for us to specialize as individuals, and it is quite another matter to bring ourselves to act in conformity with this fundamental law.

The great economic gain or advantage possessed by the Ford Company, and many of the other companies in this country, is not due to the fact that they have selected a wonderful model that is superior to others in every way, but it is based on the fact that specialization makes it possible for the various officers and workers to become the foremost men in their respective offices. Specialization of an industry becomes effective only when each man continues at a given job or work. Shifting men about the plant is harmful, excepting in so far as it may be good to promote men from position to position to fit the development of the men and the industry. The plant can be wrecked by changing men from position to position without changing the product. It can also be wrecked by changing the form of its product in fact any change, whether it is a change of the product or a change of the men, which interferes with the continuity of operation of a man along habit-lines is an economic loss to that organization.

We have stated that each man should specialize in order to produce the greatest value for a given expenditure of energy--that specialization of the industries is necessary.

That each man has some special knowledge that fits his environment.

That the skilled worker has a special knowledge for his duties.

We have pointed out the need of a closer relationship between the specialists. That they are all interdependent and must cooperate.

In setting forth the importance of the worker we must remember the equal importance of every other member of a well-balanced industry.

Lay directors and even lay chief officers are not necessarily a menace or even burdens, if they have a fair conception of human nature and the importance of each element in an organization, and the full necessity of coordination of all.

They should know, however, that every man should be paid first in cash and second in honor, appreciation, esteem, good will and commendation for his good work and good qualities. We must give careful consideration to his troubles and make a genuine effort to see that his interests are safeguarded.

EXTRACTS FROM THE HUMAN ELEMENT THE KEY TO ECONOMIC PROBLEMS*

HABIT

The industrial world is truly complicated at the present time. But, after all, we find that the short-cut to the solution of its problems is by the way of getting at the nature and needs of the individual. In this way we will better understand the laws governing groups of men. This study, combined with the aim of enhancing human welfare, always leads to clarifying the whole subject and gives one a few cardinal doctrines by which the greater problems may be determined.

One of the striking facts brought out by this study of the nature of the individual is that man is a creature of habit to such an extent that there is always a great factor of inertia to be encountered in all our plans for changing his mental attitude or plan of action. He tends to follow habit-grooves. He has been started on his scheme of life by imitating others so that he carries along the habits of the race. Not that he is wholly like the bird that builds its nest today with but slight change from the nest built ages ago, but that there is enough of that characteristic left in him to make it the real problem for us today.

We may boast of our ability to progress, but in our moments of serious contemplation we come to the conclusion that it is very difficult for us to change either our course or our speed.

If we think of this inertia as habit it will aid us in realizing its important influence. Let us remember that habit is not necessarily the enemy of the race. On the contrary, when rightly managed it is man's best friend, for by habit the mind and body act automatically without a constant drain of mental energy. Realizing this characteristic of habit, we clear away all that group of impressions which associates the word "habit" with the so-called group of bad habits, and we get a new meaning that extends its associations with an entirely different group of ideas.

*Presidential address by James Hartness, American Society of Engineers.

The study of this human characteristic clearly shows that habit is more beneficial than otherwise, and that it should be neither dreaded nor maligned. Our best plans for advancement call for no conflict with habit; we can build up a progressive habit, and by this slow but most powerful agency may make pleasurable the road that has been hard to travel.

In all our dealings with ourselves and others we should recognize that friend habit has an imperial control of all affairs. He is truly a powerful king who becomes our most effective ally when we shape our plans for a campaign of betterment in keeping with the laws of his domain.

THE EFFECT OF HABIT ON THE INDIVIDUAL

Let us for a moment consider the effect of habit upon the individual, remembering that our whole aim is to find some simple solution of the problems before us in the management of engineering and other undertakings in which there are large groups of men, for if we find its effect on the individual we shall surely find the key to its effect on small and large groups of men. In fact, it will furnish us a formula for the solution of some of the mightiest problems that confront us as engineers and citizens. It will also give us a standard of measure by which we can rightly appraise many of the elements that so harass the minds of welfare workers, labor leaders, business men and statesmen.

This may seem a most pretentious claim for King Habit, but let us now consider his characteristics and analyze his powers. First of all he directs us to continue along in our customary channels, deviating from our course only under the influence of environment and inner purpose. He never orders us abruptly to face about and go in the opposite direction or instantly to increase or reduce our speed. He always allows time for us gradually to become inclined to obey his laws. He generally allows time for the inner motive to become favorable to the change. He urges us to go as we please by the most natural routes. If for some reason we have a tendency toward the habit of progress, he aids us and he also cooperates with us if we are disposed toward retro-

gression. He encourages and strengthens our thought processes as well as our action. He builds up habit of receiving and ignoring suggestions, and habits of varying the effect of impressions.

Since all of us are more or less susceptible to suggestion and are ready and anxious to take in everything that is favorable to our advancement and comfort, it is possible gradually to change a habit of stagnation for one of progress. And since there is this opportunity to progress while living in a domain of comfort reigned over by King Habit, we should not look upon this submission to him as adverse to our best interests. On the contrary, we should recognize that by laying our plans for progress in keeping with the laws of his realm, we shall not only attain to our best development but we shall reach that stage by the easiest method.

Skill, dexterity and facility in performance of work are due to acquired habit; but habit is more than a mode by which we do easily what we do often; it is also a disposition and an aptitude for work. It brings an involuntary tendency to continue and with it an ease and reliability of performance.

The mental habits are special qualities that have been acquired by the process of repetition. The successful man in commerce, engineering, finance or any other field of mental work is the one who has acquired the habit of thought of special value in his own particular field.

We have much evidence to show that a mere repetition of either the thought or action, even if distasteful at first, will in the end establish a habit. This actually transforms the worker and converts the work that has been drudgery into a pleasurable occupation, for in addition to its being the most natural mode of action and consequently one that is the easiest to practice, it establishes a disposition to continue. Furthermore, the effort and act of conquering an aversion to a given work facilitates further conquest of the same character, so that we actually acquire a habit of establishing desirable habits of mind and body.

The great need of this contest is clearly apparent to one having a dislike for the only kind of work at which he can obtain a livelihood. There is no intention to underestimate

the real battle that must be waged within oneself to dislodge inborn traits or those acquired from early environment. The purpose is to show the easiest way and to make it clear that continued practice will win, not only in dislodging a dislike but in establishing a satisfaction in the work and in some instances an absorbing liking for it. Since success is in proportion to this degree of liking for the work, it becomes of greatest importance that this course of habit building should be chosen.

THE VALUE OF REPETITION AND SPECIALIZATION

Since repetition forms habit, it is absolutely essential to success in this world today. A shiftless wandering of mind or body should not be tolerated. We should not become mental tramps. While repetition work has been condemned by many, it is not in itself degrading. On the contrary, it is the best means for progress.

It certainly brings the work within the capacity of the greatest number of men and by repetition of operation each man becomes most efficient at his particular work. It is only necessary to carry into effect the most complete subdivision in all the various mental and physical tasks to get the great results that accrue from repetition of processes.

In order to give each man's energy the most efficient use, there is required a most complete subdivision of work so that each operation, mental or physical, may become by repetition the most natural. This division and classification of tasks facilitates the upbuilding of habit-action and at the same time it simplifies the work of each one and this results in putting the work in reach of men of more ordinary talents.

There is no more clearly demonstrated fact in this world than that specialization is the method by which human energies are most efficiently used. The reason for this is found in the study of man. It is obscured and submerged the instant we complicate the problem with the myriad theories, policies and fads that have been built up on the study of the group without reference to the individual.

We know that by specialization each man has a chance to use his energies most efficiently. There is nothing more

harmful to the thinker or the worker than to force him to become a tramp either in the mental or the physical sense. Men should be permitted to work in the way that is most pleasurable and by which they can create the greatest value with a given effort.

This law of human economics is also one of industrial economics. It is one of those laws that we have too often disregarded. We have endless examples of its infallibility and yet in the face of them we frequently try to go contrary to it.

The result to be obtained by specialization is not merely to create more value, which in turn gives a thirst for still more value, but to improve the condition of the people as a whole through the betterment of the individual's condition. Any plan that contributes to this desirable end will be favored by every friend of man.

LARGE ORGANIZATIONS ESSENTIAL

We all know that as a general principle there is no hope of a small organization competing either with the Ford motor or the Waltham watch companies. To the superficial observer the advantage of the Ford plant might be attributed to mere size which it may have obtained by chance, but the automobile plant that makes one model of machine and specializes in that gains a tremendous advantage over all others, just as the individual specialist has the advantage over the jack-of-all-trades.

Large organizations are essential to the happier condition of each mortal for in them may most easily be brought about the most complete subdivision of work which makes specialization possible and the consequent most effective employment of human energies.

Whether it is agreeable or otherwise the inexorable law remains that large organizations best conform to this process of life. All this points in one direction. It clearly indicates that the ultimate supremacy in each of the industries will be attained by those that specialize in the highest degree, and thus in turn that the largest organizations, other things

being equal, will have an enormous advantage, and furthermore that industrial supremacy will go to the state or nation that fosters such organizations. We know that in other countries large organizations are being built up and the scheme of specialization has been carried to a point which in some instances excels our American practices.

All this leads to the conclusion that the engineer has a great work to do in making clear to the public that certain large units are essential to success if this country is to compete with other countries and if the energies of labor are to be most efficiently employed. Let us hope that at no very distant day this fundamental law will be recognized.

Size is an element of the greatest importance. It is advantageous in various directions, as in the purchasing of material, but the real advantage, and the one which is beneficial to all concerned, is that the various men in the organization have been compelled to confine their attention and efforts to a restricted range of work. The workers have become most efficient because they have not been mismanaged, because they have not had to do a variety of kinds of work in a day, a week, a year, and because the various executives and administrators of the affairs of the organization have themselves so divided the work that each one has concentrated his attention to a limited range. With a given capacity of brain and energy, each one of these individuals becomes the ablest producer of value in his line of work.

One of the obscuring conditions in connection with large and small organizations is the fact that many large organizations are poorly managed. Their large size gives them some advantage over competitors and may carry them along with very inefficient officials. For this and other reasons we have seen the small organizations grow in size and prosperity, notwithstanding the competition of one which at the beginning was very much larger.

It goes without saying that small organizations may most successfully compete with large organizations when there is a great difference in type of management favorable to the smaller organization; but this fact should not lead to the conclusion that wagons may be competitively manufactured

in the roadside blacksmith shops, while we have the magnificent monuments to industry in our great wagon building plants.

In certain lines of industry at the present time, especially in those where invention is making rapid changes in the character of product, it is still possible for new organizations to get under way, starting as the plants in the vegetable kingdom start with the small beginning. But in those industries in which the conditions of product and market remain more stable, there is little or no opportunity to organize new companies successfully, particularly if success is only considered success when the company attains a paying condition within a few years after its organization.

The significance of this fact must be apparent to us, for it means that, other things being equal, the large organization, whether in America or elsewhere, becomes an invincible monopoly. And does this not suggest that a time may come when we as Americans, for the sake of the men if not for the nation, will give up our antagonism to monopolies?

A large specializing plant has a monopoly of a part of the automobile business, yet it may be one of the achievements of American industry and good management, and one that is universally and rightly looked upon as a great benefit both to the worker and the purchaser. Let us imagine, however, that the establishment of a similar company in some other branch of industry necessitated the combination of a number of smaller plants, in order to compete with other companies, which in turn would ultimately lead to closing down some of the inefficient plants in order to get the best results. The new organization might run contrary to some of our existing laws as recently interpreted and yet it might not differ essentially from another company that is received by every student of such matters as one beneficial to all concerned.

REFORMS SHOULD BE INTELLIGENTLY CONDUCTED

The reform movement against trusts has accomplished some good results but it has also been very injurious to the industrial life of this country, for this good work has been

done by men who have not known the supreme value of industrial coordination of effort, established at great expense of energy and after years of labor on the part of workers and executives. This synchronous action of many workers is what constitutes the life-blood of the industries. It represents the highest type of cooperation. Notwithstanding its great power for effective effort, it is something that may be destroyed by a word. Its destruction is not the destruction of something having a material value only; it is a vital thing. It is something that can neither be weighed on the scales nor measured with a yardstick. To certain types of investigators it is not known and yet it may be destroyed or weakened by a disorganizer without his intention or knowledge. He may feel that nothing has been destroyed as long as the buildings and machinery are still in good condition. To him the mere matter of manning the plant can be easily accomplished. This may seem an extravagant statement, but it is better to let it stand as it is than to take the alternative, namely, that this disorganization is done with full knowledge of the great loss entailed by the worker, and the general public.

Destroying organized work when the purpose is to correct a harmful mode of transacting its commercial or financial business is a serious blunder that has caused suffering and great loss to the very people it was intended to benefit, and many of these people are still calling for more such work.

The antagonism to the trust should be centered against the corrupt practices and not against the organization, for that involves the worker's interests.

The high character and noble purpose of many of those in the industry-obstructing camp should make us all more tolerant of their blunders and we should try to get these same earnest workers to see that in the life of the individual they can get a clue to the best plan of betterment of the public in general. With the individual's interest at heart they will be very careful as they plan the improvement of industrial conditions; their plan will be one that does not attempt abrupt reforms, one that takes into account inertia, one that enlists the men who know, one that changes every normal

being into a promoter of best activity, and one that does not interfere with the actual constructive work that is going forward. Destroying the latter in trying to correct certain business methods is on a par with burning down the barn to kill the rats.

Our government should be equal to correcting irregular business practices. It wishes to benefit the people, but it seems to be lacking in that completer knowledge of industrial conditions and life that is essential to a successful coping with this important matter. It is for the engineer who knows the conditions essential to efficient organization to point out how we may reform business methods without that injury of the public involved in the interruption of industry. If we are to be constructive instead of destructive members of society we will build upon what we have with due regard for the inertia of the human being. We will not disorganize and disturb the creative work in our attempt to correct the business administration.

If we consider the welfare of the individual inside and outside of these large organizations and let that be the measure, we will cease much of this destructive campaign.

THE LARGE ORGANIZATIONS AND THE COMMON GOOD

If we bear in mind that the greatest good to the greatest number can come only from plans that take into consideration each human being, his desire, or at least need for the best work for which he is endowed, it will change our attitude towards the larger units and the combinations of smaller units.

This will lead to a general recognition of the fallacy of the theory that the interests of the people can be served by the destruction of the large organization. This may seem tantamount to endorsing the unfair and inhuman business methods that have been employed by some large organizations, but it is not an endorsement of such business. On the contrary, it only calls for the most altruistic policy. The facts that some of these organizations have been built up by unfair methods, and that much harm has been done to both

the workers within the organization and to the general users of the product, should not obscure the fact that due to economic laws there is an inevitable trend towards the large units, and that in these units the individual is most favorably conditioned. We must remember, too, that the final contest in the world will be fought out by the large units and that ultimately there will be a monopoly established somewhere in each branch of industry.

Of course we can keep monopolies out of our country, but we cannot keep them off the face of the globe. Until this recent horror of European war our friends and cousins in other countries were coming forward in such matters in a thrilling manner. The war has undoubtedly given each country engaged in it a serious setback industrially, and it may give this country a little more time in which to allow the fact to take hold of the public mind that we must not try to change natural law by legislative action. If the best interests of individual worker in office or workshop and the best interests of manufacturer or consumer are conserved by permitting the growth of the large units it would seem that the American people should be the first to see the truth and profit by it.

With this great war so full of horror and heroism, so freighted with anguish to millions of hearts, so full of incidents that show at once the nobleness and blindness of man, it is difficult to center our thoughts on the more potent forces that affect the destiny of nations. Industry has built up the nations that are so powerful in war, and let us hope that the time will come when the constructive forces of industrial contests will replace the destructive power both of war and the industry disorganizers.

The industrial conquest is a peaceful conquest. It is one beneficial to the victors, beneficial in a way that other conquests seldom can be. It means merely that an industry of a given kind will be located in a given country, and human beings flock to that industry. With the greater facilities of travel men are drawn to the centers in which their energies can find most efficient use; because at such places there is the greatest possibility of their receiving the largest remuneration.

If we are great according to the breadth of our altruism, then we are truly great if we can consider this question independently of political boundaries. At the present time, however, our innermost feelings prompt us to think first of our homes, and to build up and protect the organization with which we are connected. After this we combine for the general good of those having common interests. We reach out, moving from the home circle again to the city, to the state, to our own nation, and those nations which, by frequent intercourse, we are in most friendly touch, and finally to all peoples.

If we are ready for the broadest altruism, this question of which country is to obtain the industrial supremacy should not greatly affect our attitude. On the other hand, if we wish to push forward our own nation in a friendly spirit of contest let us not deceive ourselves into thinking that we can win with small units against others having the larger units.

Even if these questions of national supremacy are put aside, have we any justification for the stultifying misuse of human energies? Is it not better to realize that through subdivision of work into a proper range of mental and physical tasks we bring about that condition in which it is possible to give each man the work for which he is best fitted and in which he can create the greatest value with his energies? Surely we all know the inestimable blessings of a congenial occupation. We all know that it is one of the best things we can give to our fellowman, and one of our greatest crimes is to withhold it. The engineer who sees these conditions should not hesitate to make the facts known to those outside of the engineering profession. We have a great obligation to our fellow creatures right here, and our attitude on this subject will greatly affect their welfare.

MAINTENANCE OF INTEREST IN INDUSTRIAL ORGANIZATION

In an industrial organization there is an opportunity for the executive to influence the degree and the maintenance of interest of each worker. Failure on the part of executive

to show an appreciation of the efforts of the workers tends to destroy the interest. On the other hand an expression of an appreciation of the services rendered tends to increase the length of time in which the worker holds his interest.

We know that the dollar is too often looked upon as the only real measure of recognition of value of services rendered, but this general view should not obscure the fundamental fact that it is not the dollar for the dollar's sake, even when the dollar seems to be the only stimulus, but that the most important and the most potent stimulus is one that satisfies man's longing for an appreciative recognition of the value of his services. With such stimulus he works in his best mood and has a real interest in the work.

A loss of interest may be brought about by anything that takes away due recognition for services; therefore, in any ideal organization there should be some system by which earnest efforts are recognized by some one who can in a beneficial way express an appreciation. This will not only create and maintain the interest of each individual in the work for which he is fitted, but it will lead perhaps to something more than a passive campaign against all those agencies which tend towards discontent.

But in work in which there is little or no opportunity for the acquisition of a keen interest, there is frequently a chance to improve conditions and soften the hardship of monotony by the introduction of some system by which the worker may know that his efforts are appreciated. Piece work system, Halsey premium plan, Gantt bonus method, the Taylor system, and various other dollar rewards, in a measure fill this need, but the more we study the human mind the more we see that the real pay that each man craves is a recognition and an appreciation and even with the dollar as a standard, in the final analysis we find that it is sought because it bears evidence of recognition of value of service. Although men generally strive for recognition, we know that many men pass through the world working valiantly and effectively with no one person to pay them in the real coin of appreciative esteem. A manager must see to it that his men are not underpaid in this coin. Scrimping here involves more than can be offset by dollars.

This, then, is one of those standards of measure which is to be used in determining our attitude and action. If we are to direct well we must get at the essential elements that control ourselves and others. These elements we find deeply hidden within us. This is all within the bounds of orthodox psychology, thoroughly demonstrated by rigorous laboratory experiments.

The study of the inner motive has long since passed into the most respected group of sciences, but the engineer has left it to the preacher, the teacher, and the psychologist, when there is none that can make a better use of it than the engineer himself who knows mechanism and the great needs of industrial life.

We should employ every means to aid us in managing not only our own selves, but all those whom we direct. This becomes the rule of success of human activity, both in its application to the individual and to large groups as represented in industries, in states, and in countries. Wherever these elements or units are in competition, success goes to the unit which takes advantage of this knowledge of the inner motives, and it is the study of the human being that presents to us the facts from which we can most accurately determine what is for the best interest of the man and society in general.

Is it not possible that we may live to see the day when labor organizations and manufacturers, and last but not least, the ultimate user—the general public—shall demand that the work be done by methods under which each worker is most favorably conditioned and by which the greatest value is produced by a given effort?

THE IDEAL ORGANIZATION

In keeping with this general idea an outline in an ideal industrial organization might be formulated as follows:

It should have a capital equal to or as large as any competing organization. If possible it should have a small harmonious board of directors with an able leader. But if the directors merely represent the monied interests without

special knowledge of the industry, then it would be sufficient if they were capable of appointing an able staff of officers, the chief executive of which should combine a knowledge of the technical and business side of the industry with the fullest possible conception of the human element. He should stand firmly for the cardinal principles of industrial economics as based on the human characteristics. Each officer should possess some special knowledge essential to the organization, so that the combined staff would have a general knowledge of all the various branches.

The chief executive should make it known that long continuity in service of each man in office would be given the first place in the scheme of management, and this should not only include the officers, but it should be the key to the management of the entire organization.

The period of years of service of each man in the organization in a given task or in a given office should compare favorably with that in a competing organization.

It should be the aim of the executives to fill each position throughout the entire organization with some one who considers that position the best place in the world for him. Each officer and each workman should have a live interest in his part of the work. Each one should by specialization become the most efficient in his particular work. The interest of the officer or worker should be maintained by some fitting stimulus, and each one should be protected so far as possible from influences calculated to induce discontent.

Each man should be treated in a respectful manner. Needless direction or heartless correction by an overbearing executive should not be permitted. Criticism or reprimand should not be uttered in the presence of others, for the best control of the organization comes from contact with the better side of man, and that side is not reached by one who rides rough-shod over man's self-respect.

Personal dignity and self-respect are important characteristics in everyone. It is not the exclusive quality of those whose self-respect is very apparent, nor is it limited to those whose natural conduct and bearing indicate their high regard of the esteem of others. It is to be found in the entire

human family and he who fails to see it, even in an apparently careless person, is blind to a very important part of the human spectrum.

The ideal organization should keep in touch with the better side throughout the entire organization regardless of its size. Not that the chief executive can come into personal contact with every man, but that every man must be appreciated by some other man in the organization so that this connection of interest pervades the entire organization. It travels from chief executive through the various officers to each man till it reaches and stimulates the newest recruit, so that there is in each man a feeling of personal connection with the organization.

The newest recruit, for instance, should early find a personal touch between himself and his foreman, and should know that the foreman in turn is connected by the same powerful influence through those immediately over him to the controlling spirit of the organization.

THE VALUE OF A HUMAN REPORT

As these truths become known will it not be possible to formulate general rules of management of industrial organizations that will be of great value to both the investor and the promoter? With such rules the investor could see to what extent an organization conforms to success standards. There would be in addition to the regular treasurer's report a human report. The human report would begin with a description of the directors and go through the entire organization. This report would contain a statement regarding the elements of harmony of organization; of length of service of manager and workers; the frequency of change of methods or article manufactured; intelligence of executives in the management of men; the degree of contentment of each member; the extent to which each man in the organization approaches the best position for which he is endowed and how nearly he obtains the best remuneration for which he is qualified; the extent to which the management recognizes the inertia of habit of both mind and body; the degree in

which the various men in the organization approximate the condition of highest efficiency; the extent to which the management goes in expression of appreciation; the degree of its knowledge of the most important characteristics of man as indicated by his inner motives and desires and the condition of his mind as he goes to his home at night. No mention is made here of the conditions of buildings from point of sanitation and comfort, for such conditions are now closely scanned; but mention has been made of a few of those other conditions that must some day be measured just as we now measure power and other less vital things.

All of these elements should be carefully appraised and the average should be the rating of the company. The investor who considers this human rating with the treasurer's statement will seldom make a mistake in estimating the true worth of an industrial organization.

May we not hope that tabulations of these various elements taken from a variety of industries will lead to establishing a standard that will be a guide to both the manager and the investor?

Surely the investor should look with distrust upon a management that is always changing officers, changing men, changing models, changing methods without regard to the inertia of habit and the human element which is the life-blood of every organization. He would also look with doubt on any scheme of management that allows the careless employment and discharge of men without due regard to the loss involved by such changes, for the perpetual changing of men is equivalent to the change of character of work in its handicap to industrial efficiency.

A REVIEW OF THE SITUATION

We have pointed out that this world of mechanism has become so intricate and complex that the whole thing has gone beyond the brain capacity of the individual, that each one must be contented to comprehend only a small part, that the relation between the individual's brain capacity and the knowledge possessed by the race as a whole shows the great

need of selecting the character and limiting the amount of material that is taken into our minds, and that only in this way can we hope to accomplish the best results.

We have also indicated that the mind receives impressions from all directions and becomes peculiarly selective, sometimes without volition, and that this may result in an undesirable trend in our personality and ability; that the best use of our mental energies makes it desirable that we keep in mind those things we have learned regarding directive psychology; that the engineer should devote a part of his time to the care and study of his own thinking machine instead of devoting it all to the machine created by that thinking machine, and that with proper regard to this point we shall make fewer mistakes due to overloading the mind with data to the exclusion of thoughts of an initiative character; that the engineer must study not only his own mind, but also the minds of the men whom he is directing, in order to make due allowance for the personal equation of both the transmitting and receiving mechanism.

Following this we have indicated that man is a creature of habit to an extent that renders this characteristic a most dominant one; that the most efficient use of the mind and body of each mortal demands a scheme of life that permits each one to take advantage of this great fact, and that all people having the welfare of the human family at heart must lend their energies to the maintenance of all those conditions most favorable to this end.

Furthermore we have shown that the dominance of habit and all that it implies will account for success and failure of various schemes of management and that it shows clearly the great economic waste due to abrupt change.

It may have been necessary in the past to accomplish reforms by abrupt revolutions. It may be necessary in the future to resort to sudden changes, but let us hope that the engineers will use their energies to make it clear that due regard should be given to the element of human momentum, so that the public in general will know the real cost of abrupt change in methods of work or business, that all such change imposes a heavy tax on those least able to bear it, that the

benefit or harm done is not in proportion to our good intention but as our action conforms to man's real needs and nature's laws; with this knowledge possessed by the public we shall progress in ways that do not involve the calamity that comes from sudden change.

This plan which fits the individual's characteristic, although it recognizes and endorses large organizations and even hints at the clearly inevitable coming of monopolies (notwithstanding our position on the seashore with brooms trying to keep back the flood tide) is still the best plan for the individual.

Every desired reform can be effected without a destructive policy. When we break up an organization of men we destroy something just as real as if we burned down a warehouse filled with grain. Anything that tends to interfere with continuity of service, anything that tends to break up the order of work, is a cruel blow at humanity with widespread effects.

It is too much to hope that a recognition of the importance of continuity of service under wholesome conditions will change the present order of things, in which men are ruthlessly shifted from plant to plant, and from work to work within a plant, and at occasional intervals of business depression they are told that there is no work. They are not told at the same time that they and their families will have no expenses during the period of idleness. They are merely told that their income will be cut off for an indefinite period.

May we not hope that even in this age of complexity of social structure and intricacy of the world of mechanism that transcends the weighing power of the human mind, we have in the human element the real measure by which we may truly determine our best line of action?

Is not the engineer with his knowledge of mechanism, supplemented by his knowledge of the inner as well as the physical man, destined to play an increasingly important part in bringing forward this human element as the controlling factor in determining the major policies of management of our lives, our industries, our nation?

And is it too much to hope that the good sympathetic touch between man and man in the different walks of life

may be established by those who act in accordance with this knowledge of human characteristics?

Let us as engineers and men, with our appreciation of the supreme importance of the inner man, so direct our work and so preach the gospel of human welfare that we shall hasten the approach of the time when all men shall have the joy of a congenial work; when people will combine to demand the kind of management of our industries and nation that shall be in keeping with the beneficent laws of habit-action; when specialization will be recognized as the best policy for all concerned and when organizations favorable to such modes shall receive constructive aid instead of the obstructive and destructive action that is now being exerted by some of our ablest citizens; when constructive work will be the only kind that will meet with public favor; and when the energies of all our ablest men will be directed into useful channels,—channels in which they will receive the joy that comes with pleasurable duties and fuller credit than can ever be accorded those who, even under stimulus of public favor are on the wrong side; when each one may feel the satisfaction of having achieved the most with his mind and energies and may have the full recognition and appreciation of his fellowmen. And last, but not least, may we not hope that each may receive the best possible remuneration to the end that he and his family may have the largest possible share in the good things that make for comfortable and happy homes?

GOVERNOR SPROUL—Unless some member of the conference has something to add for the good of the order, we will adjourn until 2:30 this afternoon, when I shall ask Governor Cox of Massachusetts to take charge of the meeting as presiding officer, and it will be his duty to see that you get here.

Adjournment was here taken to 2:30 p. m. of this day.

AFTERNOON SESSION

THURSDAY DECEMBER 14, 1922.

GOVERNOR COX—Gentlemen of the Conference: Governor Sproul, with that autocratic power to which he has long been accustomed, has designated me to preside at this session.

It occurs to me that Governors should be good presiding officers, because I think we above all other men are accustomed to acting as presiding officers on all sorts of occasions. I know not how it is with you, but I know it is my pleasure two or three times a week to preside at meetings and sit with gentlemen who take up much of the time I really feel belongs to the chair. I remember on one occasion of being invited to address the members of the Men's Club in Boston, and a supper had been prepared by the good women of the church, a most delightful repast, and I was to be the only speaker, and most of the men were enjoying their supper and some had lit their cigars and apparently were enjoying themselves. Shortly I noticed the presiding officer arise and tapping for order, said: "Gentlemen, shall we continue the good things a little longer or proceed to the duties of the evening?"

I am glad of this opportunity of expressing, on behalf of my great State and Commonwealth, my pleasure and thanks to the representatives of West Virginia and Governor Morgan for the warm, hearty and loyal welcome they have extended to us and I am sure, speaking for those who have not prepared papers, we all feel a sense of obligation to you gentlemen who have so honored the meeting and who have addressed us, and who are to address us, and have presented subjects of a helpful nature.

These Conferences are a great opportunity for us. Last year was my first year to attend, and I think the committee on arrangements are to be congratulated for their sagacity and foresight, because as they look over the list of those to address us and who addressed us this morning, evidently they know that much of their time would be occupied in telling of their doings and misdoings of the late lamented

Henry Clay, and it is necessary to get the subject back in keeping with the spirit of the time, and they have decided this afternoon the first subject shall deal with water. So the next matter on the program is an address by Governor Preus of Minnesota on the subject "The St. Lawrence Deep Waterway."

I am pleased to present Governor Preus.

THE ST. LAWRENCE DEEP WATERWAY

GOVERNOR J. A. O. PREUS of Minnesota

Mr. Chairman and Governors:

Transportation and progress go hand in hand. Without efficient transportation systems our modern civilization would be impossible. Until the beginning of the nineteenth century, people had to get most of their food, clothing, fuel and building materials in the vicinity of their homes. Commerce, by mail or caravan, was confined to trade in a few luxuries.

The steamship and the railway revolutionized industrial life. Today wheat, flour, butter, beef, bacon, lumber and many manufactured products are shipped regularly. From Minnesota and Wisconsin, not only to every state in the Union but to almost every corner of the world. In turn we get coal from Pennsylvania, lumber from Washington, sugar from Cuba, tea from China, wool from Australia, furs from Siberia or Alaska, crude rubber from Brazil, linen from Ireland and potash from Germany. In the simplest household, one finds articles from every continent and almost every country in the world.

Our railroads were pioneers in our progress. Lines were built where no business existed. Fear was expressed, a few decades ago, that there would never be enough freight to keep the roads busy. Yet the last half dozen years have found the railroads entirely inadequate to carry the country's freight. It is estimated that four billion dollars will be needed to build or rebuild lines, terminals and equipment, to make them adequate to carry our commerce.

Forty-three million people live in the territory served by the Great Lakes. Half of them are farmers. Most of the others are dependent, directly or indirectly, upon the prosperity of the farmers in this territory. The prosperity of the farmer is measured by the difference in the cost of production and the price of his product. Transportation is a tremendous factor. The increased cost of transportation during the last half dozen years has been equivalent to doubling the distance from the farmer to the seaboard. For a five year period, ending with 1917, the average profit on corn in Minnesota, Iowa, Dakota and Montana, was 11 cents, on wheat 7 cents. An increase of a few cents a bushel will seriously reduce or wipe out the farmer's margin of profit.

But worse things often happen to us than freight rate increases. Whenever we happen to have a good crop of anything we usually find it impossible to get our products to market. This fall thousands of bushels of potatoes in Minnesota have rotted or frozen because no cars were available. Wheat has spoiled because all the elevators and storage houses were full. Farmers almost every year lose money when shipments are delayed in the congested roads and terminals east of Chicago. All our industries are hampered when fuel, machinery or other necessities cannot be brought to our states as rapidly as they should be. We have in the Northwest all the necessities of life and a good many of the luxuries demanded in modern life. We can raise most of the foodstuffs except tea, coffee and spices, we produce most of the clothing materials except cotton, we have plenty of wood and metal. We could continue to live and have a good many comforts if we were cut off from the rest of the world. But the logical and economical thing to do is to produce the things for which our soil and climate are best fitted and to exchange them for things which can be produced more cheaply elsewhere. Today the sixteen states in the north central region, west and south of the great lakes produce seventy per cent of the food in the United States. We have ample resources to double this production, or more, as rapidly as the demand makes it profitable.

But it is useless to produce more than we can transport. We simply cannot expand, agriculturally or industrially,

unless transportation facilities increase. If the railroads could get the \$4,000,000,000 they need, it would take years to build the required tracks and rolling stock. By the time they are finished, they would again be inadequate.

We must turn to waterways as the only solution. The Great Lakes have been of incalculable value in affording the transportation which has made possible the rapid development of our central states. To illustrate, a statistician has figured that in the year 1913, there were carried through the Soo canal at the outlet of Lake Superior, 79,917,344 tons of freight. This was carried an average distance of 820 miles at an average cost of two-thirds of a mill per ton per mile. If the same freight had been carried the same distance at the average rate received by the United States and Canadian railroads for that year, it would have cost \$445,535,488 more than was actually paid for its transportation by water.

Much of the freight on the lakes is iron ore going from the mines in the Lake Superior region to the smelters in Indiana or Pennsylvania, and coal going from the mines in the Lake Erie region to the docks at Chicago, Milwaukee, Superior and Duluth. But there is a great deal of wheat, flour, beef and various other agricultural products loaded into boats at these harbors which is destined to go to Liverpool, Havre and other foreign ports.

Under the present system, these products must first be unloaded, usually at Buffalo, carried across the state of New York by rail or barge, and then loaded into other boats at New York. This portage across New York state costs more than the whole water trip from Duluth to Liverpool.

That loading and unloading is as expensive as hauling. The cost of hauling a bushel of wheat from Duluth to Liverpool, the cheapest route now available, is figured in normal times, as follows:

Duluth to Buffalo—1,000 miles, all water.....	.0225
Buffalo transfer charges.....	.0075
Buffalo to New York by rail.....	.04
New York litherage.....	.03
New York to Liverpool, 3,058 miles.....	.0325

In other words, the total cost is $15\frac{1}{4}$ cents per bushel from Duluth to Liverpool, of which $7\frac{3}{4}$ cents, or a trifle

more than half, represents the portage from Buffalo to New York and $7\frac{1}{2}$ cents the freight by water. And the worst of it is that after the wheat has been carried by rail to New York, it is farther from Liverpool than when it left Buffalo. The above figures are pre-war figures. Last year the freight rate alone, from Buffalo to New York, was 9.6 cents per bushel, by rail, and 9 cents to canal.

The improvement of the St. Lawrence river would eliminate this costly portage across New York state, a portage which leaves our grain farther from Liverpool when it reaches New York than it was when it left Buffalo. At prevailing rates, it would cut the cost of transportation ten to fifteen cents per bushel. Suppose the producer had to split the gain with the consumer. It would still mean five to seven cents more for each bushel of grain produced in our territory.

The project is entirely feasible. The United States army engineers, after careful studies and detailed surveys, have so reported. The cost is estimated at \$270,000,000, less than half the cost of the Panama canal. Ten or twenty years ago that would have been considered a big sum. Now, when we are thinking and talking in billions, the cost should not alarm us. On the contrary, it is believed that the water power made available through the building of the necessary dams will alone pay the cost of the improvement in the course of a few years. If that proves true, the saving on freight will be clear gain.

We might figure out what this would mean on the present tonnage. That, however, would be but a small portion of the gain. If the waterway is opened, millions of tons of freight, no one can guess how many, which now go by the all-rail routes to eastern seaports, would then go to the lake ports and direct across the Atlantic. Western railroads would suffer less from car shortages, because many cars which now leave their line and go east would then be unloaded at the lake ports and go right back to the farming districts. Eastern lines would be relieved of some congestion and be better able to handle their already great burden of freight. Even those who must ship all-rail would benefit, because all rail rates are to some extent influenced by water rates.

There is another reason why the gain cannot be computed on present tonnages. Agriculture and industry in these states are bound to grow, unless transportation facilities are lacking, which is unthinkable. They will develop slowly if transportation is improved slowly. They will develop with exceeding rapidity if new outlets, such as the St. Lawrence waterway, are built.

The opening of this waterway will lessen the cost of carrying freight to many places in our own country. When a mining company in Butte finds it cheaper to ship by rail to Seattle and by boat through the Panama canal to New Jersey than direct by rail, or when a Chicago manufacturer finds it cheaper to ship 1,000 miles by rail and 5,000 miles by boat through Panama to San Francisco than the 3,000 mile rail haul, it is readily seen that it will be cheaper to ship by water than by rail from our lake ports to many of our coast towns.

It would seem at first glance that the north central states, those bordering on or close to the Great Lakes, would be the sole beneficiaries. If that were true, we would still be justified in asking for this outlet for our products. Our states generally supported the Panama canal project and helped pay for it, because we knew such a project would benefit the whole country. But the states near the seacoast, East, West and South, naturally are in the best position to profit by that improvement. They should, as a matter of justice, support this project now.

We believe, however, that the whole nation should take a broader view of all these projects. The benefit to any particular section from projects of this character is more apparent than real. The whole nation will benefit from the opening of the St. Lawrence as it did from the Panama canal. Anything which stimulates commerce and industry in any section will benefit all other sections. If the St. Lawrence waterway will give our farmers a larger margin of profit, it will simply give them that much more to spend for things produced in the East, the South and the West.

We are told that New York state is opposed to this project. I cannot believe it. I know that certain interests

which profit from the present system of carrying goods across from Buffalo to New York are bitterly opposed to the project and are fighting it vigorously. But they are only a small part of the industries of the Empire state. New York City is so firmly established as the metropolis of the United States that failure to pass our farm products through her harbor would never be noticed by the city as a whole. What she lost in this respect she would regain many times over both in the lessened cost of Northwestern products which she consumes and in the increased sales of her manufactured products which would follow our increased purchasing power. She would have a further and perhaps greater gain in the cheap power which would be available.

GOVERNOR COX—I am sure we have all greatly enjoyed the presentation of the subject by Governor Preus, and shall be glad to give it further consideration as it merits.

Governor Parker of Louisiana is obliged to leave this conference before the time at which he is scheduled to present his paper. I understand he will be here tomorrow, but no session is scheduled, so we will be glad to hear from him this afternoon.

Next it is my pleasure and privilege to present to you one who has long been identified with the conference, Governor Campbell of Arizona, who will address us on the subject of "Conservation and Development of our National Assets."

CONSERVATION AND UTILIZATION OF OUR NATIONAL RESOURCES

GOVERNOR THOMAS E. CAMPBELL of Arizona

Mr. Chairman and Gentlemen of the Conference: I am particularly pleased to come here to White Sulphur and mingle again with you men with whom I have gotten so well acquainted during the past four or five years. It has been a great pleasure to have met you and become acquainted with you, and the personal contact to me has been the outstanding thing of these conferences; to feel that when occasion pre-

sents itself in an executive way I could address a formal communication in a personal way, feeling it would be accepted in time, and that has been worth all of the four days and nights it has taken me to come from my capitol to each of the several conferences held this far east.

The subject I have selected for this conference at this time is one of the most outstanding, and of very great moment for the future development of the southwest, and I have committed to a formal paper my thoughts on this matter, so that at your leisure they may receive the consideration which I appreciate they would not get at this time. I want to add that the original Conference of Governors some twelve years ago called by President Roosevelt was for the purpose of bringing to those Governors the question I am touching upon today, that of the Conservation and Utilization of our National Resources.

The advancement of civilization has been contemporaneous with the development of agriculture. Nations have waxed mighty with the cultivation of the soil and have suffered decline with the abandonment of husbandry. Strange as it may seem, but nevertheless true, the parentage of the most sturdy type of citizenship is found in communities, the efforts of which have been exercised to reclamation and irrigation, the fight against nature and the overcoming of her handicaps. This thought and the soundness of it are admirably expressed by Sir William Willcox, a noted British authority:

"The lessons of order and method are taught so thoroughly by irrigation that it is not to be surprised at, that all the ancient civilizations had their birth in the irrigated valleys of the great Old World rivers. Uncivilized men could live in woods and partially civilized ones on desert oases, but to exist in the country needing irrigation men had to be disciplined and amenable to laws and regulations. When hundreds of thousands of families had at first to learn the laws of nature, then apply them, and then live in accord with one another in order to insure irrigation and drainage of their individual holdings, true civilization took its birth!"

Looking backward to the dawn of recorded human history we find the Aryans were tillers of the soil, and in that race is found the genesis of civilization, fixed habitations, recognition of the rights of property, and as a logical sequence, law, order

and government. Greece and Rome in the zenith of their power were predominantly agricultural nations. With the exodus to the cities came a decline in virility, dependence upon foreign sources for food supplies and finally a condition of dry rot, paving the way in the case of Greece for a fall from its position of proud eminence, and in the case of Rome for the invasion of the barbarians. Leaders of national thought, men of far-seeing vision, have taken cognizance of the truths of history and have expressed their belief and conviction that our future and the character of our citizenship are inseparably associated with a policy looking to the reclamation of the vast tracts of arid, semi-arid and swamp lands within our borders. Webster said, "Let us never forget that the cultivation of the earth is the most important labor of man." "If there is one lesson taught by history," declared Theodore Roosevelt, "it is that the permanent greatness of any state must ultimately depend more upon the character of the country population than anything else. No growth of cities, no growth of wealth can make up for a loss in either the number or character of the farming population." James J. Hill, empire builder, voiced his sentiments in the following language:

"It is as clear as any future event can be that the farm is the only hope for our national salvation." Abraham Lincoln in addressing a meeting of Wisconsin farmers said, "Let us hope, rather, that by the best cultivation of the physical world, beneath and around us, and the intellectual and moral world within us, we shall secure an individual, social and political prosperity and happiness, whose courage shall be onward and upward, and which, while the earth endures, shall not pass away."

These meetings of the Governors, men entrusted with important duties in behalf of the people of the various states, had their inception from the conviction of former President Roosevelt, that through such an organization, a broad, national constructive policy could be inaugurated and receive impetus at its hands. Personal attendance for four sessions has convinced me that we have failed in our purpose. True it is that each and everyone of us has derived much pleasure

through association, and mental stimulus through an interchange of ideas and discussion of our state problems; but I have failed yet to hear of any plan broached which was not sectional in character or bore the imprint of other than individualistic persuasion. My criticism, if such it can be construed, applies to myself with equal force as to any of my fellow members. It is time to correct this mental astigmatism and to coordinate our efforts to the end that not alone Maine or Arizona shall be benefitted but our country as a whole.

The query naturally arises what movement non-political in aspect, merits or would enlist the active, united endeavors of the Governors of all the states. In the West we have our public domain problem, vast areas of land to which the government retains title, and for that reason cannot be improved, and holds back progress. We have other problems peculiarly our own, such as the Indian Reservation, which also are an obstacle to development. The East also, doubtless has many things, local in their nature, with which to contend. It is evident for reasons too patent to expatiate upon, that "East and West can never meet" on these questions as there is no bond of sympathy to bring them together. The South has its racial question which is not understood by the East, West or North. What then is the common ground on which we can all meet and enter into a compact for the good of the whole and the forty-eight component parts thereof? The answer is simple—reclamation of our arid and wet lands. It is the one big natural resource still left to the nation. Coupled with and contingent upon irrigation in the West is the development of electrical energy sufficient to supply the needs of that veritable empire. There are only two states in the union, Pennsylvania and Rhode Island, which do not have from thousands to millions of acres of either swamp or arid lands—a total of 118,548,000 acres within the confines of the 46 states, subject to reclamation. Vast assessable wealth, lightening the burdens of present day taxation is included in this plan which is not visionary, but to the contrary, practical and feasible. I can already see in your faces the main objection which your minds have registered—overproduction; but there is no occasion to be alarmed over a surplus of farm

products, for as Dr. E. D. Ball, Director of scientific work, United States Department of Agriculture pertinently says:

"If some one possessed a magic wand that would restore the world to normal conditions, we would be suddenly confronted with the fact that there is no overproduction; that what the world is suffering from is underconsumption. There is not enough food in the world at present to provide for normal consumption. If buying power could be restored tomorrow, the surplus would immediately disappear. The peak of agricultural production per capita of population was passed in 1898. Agricultural production almost kept pace with the population increase for some little time after that date, but in the last decade it has steadily and even more rapidly fallen. Statisticians have estimated that our population at the close of this century will be more than 220,000,-000 and have placed the probable time in which we shall begin to import staple foods at from 15 to 30 years. Even if it should turn out to be a longer period, it is time we should be considering the problem not only from the national standpoint but from its effect on agriculture."

The present financial situation of the government of the United States and of the people of the nation is so grave as to necessitate recourse to every logical avenue of income. The burden of the great war continues to rest upon us and will so continue for years to come. Economy in the public service and in private life is an essential feature that must be considered and its practice exercised to a degree hitherto unknown. Union of patriotic thought is essential if the ship of state shall weather the storm.

The situation, however, is such that something more than mere economical government must be known. Administration and proper police protection must continue. Millions undoubtedly may be saved through proper economy, and the exercise of these governmental attributes, but a larger revenue is essential even to meet the fixed charges of government.

The United States of America at the present time may be likened unto the man who brought back to the Master only a single talent with which he had been entrusted, this without

increase or interest, and to him came deserved rebuke. The Nation today is suffering great losses simply through the fact that she is not utilizing her dormant capital. In other words, she is allowing her capital to lie in bank drawing no interest thereon. Hundreds of millions of dollars have been invested in the protection and development of harbors, the deepening of streams and in levees. It is wise to provide proper ports for the commerce that brings wealth to our shores. It is good policy to assure the navigation of rivers to the same commercial end. It is proper to save great areas of taxable land from inundation. The forests are being guarded against fire and over-exploitation. The herds and flocks are being saved from disease and growers of all products of the farms get departmental assistance so that insect pests are walled against. Essentially these measures are for the conservation of the wealth of the nation. The moneys spent upon them bring rich returns and assure a portion of the amount needed for governmental support.

I am well aware of the historical fact that Rome did not rise in a night. The resources of the nation are vaster by far than present capabilities for their development. In the present stage of the nation's finances there must be careful consideration of the investments which should be made and such investments should be with a view to the largest possible return in the shortest possible time. All the energies of sound, business-like statesmanship must be bent to the end that the revenues of the land be increased and that individual prosperity may return, this prosperity to be transmitted collectively to the nation's treasury. In other words, where pure economy is insufficient in providing for the proper expenditures of government, no course is left save that of securing a larger revenue. Mere taxation of property and industry already appears to have approached very closely its border and danger line. Economy can save but a comparatively few millions a year, though helped by the world abandonment of armament construction. The next feature, then, in all logic, must concern better utilization of the nation's resources and procurement of interest from the talent that too long has lain buried and useless. With acceptance of this premise must come consideration of the question of se-

lecting the enterprises from which the nation may recoup itself for the losses that have been incurred in helping police the world against depredation and chaos.*

In days gone by, the United States in order to secure extension of its empire and the peopling of its waste spaces, has given away vast tracts of land, in subsidies to railroads and for homesteads for settlers. It even has given land to those who would plant trees thereon. But generous as our government has been in this respect its prodigality has not entirely dissipated this great reservoir of potential wealth. A domain great in extent and of wonderful productive possibilities remains yet to be utilized, if we have the fortitude and the vision for the task. It is significant, and alarming in view of the lessons of history, that in the last few years the value of manufactured articles has far outreached the value of agricultural products. It is not unreasonable or illogical to assume that should manufacturing reach a stage where it must depend upon raw material and food products from abroad, our national policy will be to foster manufacturing rather than agriculture. Already signs of such a change are in evidence and if the trend of events can be taken with any certainty as a criterion of what may eventuate, the time is not so very far distant, relatively speaking, when manufacturing will be in supreme ascendancy. I view the outlook therefore, with foreboding, and, anticipating the future, can read the unmistakable signs of national decadence unless through our efforts and the efforts of those who hold like views, measures are taken to safeguard against such a calamitous contingency. We cannot and must not lose sight of certain salient truths the most outstanding of which is that the home is the nucleus of our national life and that the first home known to man came into existence through the necessity imposed on him of having a fixed habitation in his struggle to conquer the desert and to subdue the swamps to the use of himself and family. It was a farm home, which was the first and integral unit of communities and nations. From these homes have come great men with their moral and physical strength dedicated to the public duties imposed upon them, or consecrated to the uplift and advancement of humanity. The farm and its wholesome influence upon the life of the nation and its

perpetuity cannot be overestimated. It is suicidal to ignore these vital factors. As a nation we cannot rest content with present conditions and with smug selfishness leave the future to take care of itself. To the contrary our acts and purposes must be animated by selfishness if the proper balance is maintained between manufacturing and agriculture. And the surest way to maintain that important relationship is to increase the number of farms, which necessarily means the reclamation of all kinds of waste lands.

There are several striking examples of what can be accomplished by the adoption and putting into execution of such a policy. Within the state of Arizona there has been witnessed a wonderful transformation from desert to garden spot, the wedding of the waters to the soil and a resultant Garden of Eden. I refer to the Roosevelt project, which has made the waste places of the Salt River Valley bloom and caused mother earth to yield fruits and harvests in abundance. When the reclamation act was passed the cultivated area scarcely exceeded 50,000 acres. Agriculture was an uncertain and precarious calling for the river at its flood did more damage than could at other seasons be derived from it in beneficial uses. Today 200,000 acres receive the life-giving waters impounded in the Roosevelt reservoir, a prosperous and progressive people profitably, cultivate the soil, and taxable wealth in a great amount is now contributing its share to the burdens of government. Plans are practically consummated for the construction of another dam as a part of this project and through the generation of additional electrical energy and its sale, the amount to be paid to the government will be materially reduced to the individual. To expatiate upon this one project, would, I fear, give countenance to the charge of sectionalism, but my purpose in calling it to your attention is to cite a concrete example of what it is possible to accomplish. There are other like projects in Arizona, which mean much to the development of the state, but I will not dwell upon them or weary you with figures. The Yakima project in the state of Washington and the Boise project in Idaho have, together, added several hundred thousand acres of highly producing areas to the agricultural resources of the nation. In four years the Yakima project

of some 300,000 acres produced \$143,361,926—shipped 95,817 carloads and bought a total of \$47,970,000 manufactured products. The aggregate productive wealth of this section, amounting to \$40,000,000 annually, is the direct result of water applied to the soil. It is designedly that I give figures showing the value of manufactured products purchased by the Yakima project for the purpose of demonstrating that with the reclamation of land there inevitably arises a demand for products from other sections and that the entire nation is thus benefitted and its prosperity augmented. Reliable data indicates that the East and South are large financial beneficiaries. Records show that Phoenix, the center of the Roosevelt project, in 1920 received 2,492 cars of manufactured products over the Southern Pacific railroad from Maine, Connecticut, New York, New Jersey, Pennsylvania, West Virginia, Virginia, Ohio, Indiana, Michigan, Illinois, Wisconsin, Minnesota, Nebraska and many other states. Other like shipments for the same period over the same road, but in less than carload lots, amounted to 10,000 tons, from the manufacturing states east of the Mississippi river. The Santa Fe, the other railroad serving the Salt River Valley did an equal amount of business.

The last annual report of the United States Reclamation Service, under date of June 17, 1922, and marking the completion of 20 years' operation of the national reclamation act, contains some very illuminating facts having a direct bearing upon the question under discussion. In that period 1,675,000 acres of arid lands in the west have been furnished with a complete water supply and 1,110,000 acres under private projects furnished with a supplemental water supply. The government has carved out of the wilderness 31,462 farms of an average of 53 acres each, supporting 30,000 families.

Notable among these projects are the Roosevelt dam in Arizona, the Arrowrock in Idaho, the Elephant Butte in New Mexico and the Pathfinder and Shoshone in Wyoming. In 1921 the value of the products raised on the 31,000 farms was \$49,620,000 and about \$45,000,000 additional from private enterprises. As to the question of sound business

judgment the best answer is the fact that crops on irrigated lands in federal projects in 1921 averaged \$42.85 per acre as compared with the average value of only \$14.52 for the ten leading crops in the United States as a whole in the same year.

The examples above given are set forth merely as a foundation for the presentation of what, in my opinion is the greatest opportunity now afforded the nation for the development of its great waste spaces and for the procurement of profit from a part of the nation's wealth that now lies dormant and unproductive, useless and even cumbersome. I refer to the proposed utilization of the waters of the great Colorado river of the West. This is an inter-state stream, indeed a national one, for its source is very close to the Canadian border and its mouth is in Mexico.

It has a watershed of 244,000 square miles, with drainage of a considerable part of the Rocky mountains and of most of the great region that lies between the Rockies and the Sierra Nevadas. In point of annual discharge and of importance it is ranked third among the rivers of the United States, its mean annual flow aggregating nearly 20,000,000 acre feet. On the basis of use of three acre feet to a season's crop, the stream therefore has a potentiality for the reclamation of more than 6,000,000 acres, this is a land where Nature smiles and where crop returns per acre are far greater than elsewhere known within the boundaries of the country. Right here may I point out that the value of the crops upon such a great irrigated district readily could amount to more than \$300,000,000 per annum, on the basis of the cultivation of the Salt River Valley the population that could be thus sustained would be 2,000,000 souls. These figures are large, but they can be sustained, and I offer them as a logical reason why the nation at large should be interested in the work proposed to be undertaken along this western stream. The necessary expenditure would be great, of course, but the nation would be returned every dollar spent, this in cash, and, still more material, in the Southwest will be planted an outpost of civilization and culture that would sustain the government both in finance and in arms and that would offer an outlet for Ameri-

can industry such as never before was known. Again let me state action such as this would be investment, not mere expenditure.

Development along the Colorado has been a subject of interest and investigation for years past. There even had been establishment of a League with representation of all parts of the Great Basin, an organization of which, for a time I had the honor to be president.

For many an aeon past the Colorado river has been tearing away the mountains, pulverizing the rocks and depositing the resultant silt upon the plains that lie near its mouth. Of course it is impossible to tell the quantity of material that thus has been brought down in the Colorado's great sluice-way, but of one thing there is assurance, that within the Grand Canyon of Arizona alone not less than 1,000 cubic miles of rock and earth have been removed and have been taken downstream. From such agencies have been built up great plains, especially on the California side of the river, where the Salton sea once was a deep arm of the Gulf of California. This sea basin partially was filled by the sand and dirt, brought in by the springtime freshets, which extended the land further and farther southward till a considerable part of the present Lower California also had been built up. Not long ago, I told an Imperial Valley audience that the Valley land upon which I was standing at the time was Arizona soil and that it owed its fertility to water from an Arizona stream. Time and again throughout the years this Salton sea has been cut off by a river-made dam and, time and again, this dam, in turn, has been destroyed and the waters of the river again have filled the basin. It happens that within our historic time this valley has known one of its unsubmerged periods. The natural dam has held, reinforced by artificial earth works, but now is arriving something in the nature of a crisis, for the river bed is filling with silt at the rate of five additional inches each year and the man-made restraining works may be overtopped at any flood season. The damage that would follow can hardly be estimated. It is enough to say that out of the nation's wealth would be lost property worth hundreds of millions of dollars, there

would be millions lost in the annual crops of hay, grain, melons, cotton, and livestock and that the homes of thousands of loyal and flag-supporting Americans would be wiped out. May I not urge upon you, as an argument, that for this one reason alone it has become the duty of the nation in the control of a navigable stream to promptly extend its strong arm and furnish flood control works. The situation is far graver than would be an overflow on the lower Mississippi, for there the waters will recede. But the Imperial Valley has a bed, which lies below sea level and the only way water ever has been taken from it has been by the slow process of evaporation.

I have heard statements that California appears over-anxious to secure a foothold on the Colorado and to benefit unduly through the storage works. If this be so I cannot blame the state for a large part of her wealth is meanted by destructive natural forces. But, let me reiterate, it is national wealth that is threatened, rather than state wealth.

The annual flow of the Colorado river varies from about 14,000,000 to about 22,000,000 acre feet, according to the snowfall at its sources.

Although Arizona is prone to consider the stream one that is especially its own, I must acknowledge that about 85 per cent of the flow is from the watersheds of Utah, Montana, Wyoming and Colorado. The governors and water commissioners of these upper states I have met in conference on several occasions and never has there been failure to remind me of the fact that the water supply, after all, is not furnished by Arizona. I might have rejoined with the statement that Arizona has a gorge, through which the river flows in such fashion as to furnish many excellent sites for dams for water storage and for the generation of hydro-electric power and that below the canyon opens up the greatest area of irrigable land known anywhere upon the stream. This has been pleasantly acknowledged and yet there has been continued reassertion of the opinion that no state officer, in justice to his people, could surrender any right of reclamation, no matter how vague, that might be faintly visualized for the future. There has been no acrimony, save

possibly that which was interjected by persons not of official standing, but it early appeared evident, as a legacy from the old irrigation congress and the League of the Southwest, that some plan must be devised for a getting together of the intermountain states. This result was accomplished through the Colorado River Commission. This commission, with legal standing, met within the different states affected and heard all evidence offered concerning the claims of the states or of separate localities. The sessions were conducted under Secretary Hoover of the United States Department of Commerce, of whom I wish to state that never have I been associated with a fairer arbiter, more competent executor, more patient auditor or more logical thinker.

The concluding session of the commission was held at Santa Fe, New Mexico, last month. The result I consider nothing short of marvel. Never before in the history of the United States has there been agreement, save on constitutional questions, between more than two states. Yet at Santa Fe was full and unanimous agreement upon the final draft of what may be regarded as a treaty between the states, by means of which there was apportionment, for a period of forty years of the river's flow, this with full acknowledgment of the superior acreage claims of Nevada, California and Arizona. Chairman Hoover warmly congratulated the delegates upon their fairness and patriotic unanimity, stating that the result at which they had arrived was one that would obviate all resort to the courts and that would cut short by years the time of consummation of the result desired. This agreement now goes for ratification to the legislatures of the seven states, bodies which will meet in the early part of 1923. There is sincere hope of unanimous ratification of the pact, that it may be submitted to congress at the earliest possible moment, and the nation thus be made a party to the contract. The nation, in the end, has much to do with the flow of an inter-state river, for judicial decisions agree that state boundaries cannot alter, abridge or affect irrigation priorities acquired by lands along the river's course. May I interpolate a note of the fact that the law of the arid lands, one that probably originated in Assyria or Egypt, and that has been

passed on to us by the Moors and Spaniards, recognizes irrigation priorities as lying only in the land and not in the land owner, or the owner of a canal, and not to be held by anyone who fails to make beneficial use of the flow. At the same time, the old English law of riparian rights still holds with respect to water power, for the power user must return, without impairment, that part of the stream that he has diverted for his own use.

Water storage on the Colorado must be considered in the light of flood control. Indeed, a dam for the generation of hydro-electric power also would serve to control floods, unless its level was maintained steadily at the highest possible point. But a water storage dam is a structure that is intended to be filled in times of flood and to be drained for agricultural irrigation necessities in times of slack stream flow or of large cropping needs. Naturally the water behind it would be slack at the time of spring floods. Its power supply therefore must be considered irregular and dependable.

Here I wish to make clear my claim that a flood control dam or a water storage dam is a structure that properly falls within the province of the national government, being intended for the preservation and safety of the national expanse or for the reclamation and profitable cropping of a section of this expanse. I believe there can be no argument concerning this premise, though there might be objection from states whose representatives might not see the advisability of joining in the expenditure of the necessary funds. However, the United States Reclamation Service, already with a record of distinguished accomplishment in the construction of huge dams, stands ready to undertake this work, and indeed already has entered upon its preliminaries. On the authority of Director Arthur Powell Davis of the Reclamation Service, there are available storage dam sites in Boulder or Black canyons, abutting upon Nevada and Arizona soil. It would be useless for me, in the scope of an address such as this, to go very deeply into engineering details. It may be enough to state that a dam is contemplated that will create a reservoir of storage capacity between 18,000,000

acre feet and even twice that quantity, backing water far up into the valley of the Virgin, in Nevada, and up as far as Diamond creek in the main Colorado, within Arizona. Such a dam as this, erected at a cost of about \$50,000,000 not only would remove all fear of inundation of the Imperial Valley, but would furnish water for the assured irrigation of possibly 3,000,000 acres within Arizona and California. At Yuma exists a dam of the weir type which may serve as the head-work for the great system that must be built for the full exploitation of the resources of the Imperial Valley. It is probable that no other stream on the North American continent has capabilities approximating those of the Colorado for generation of hydro-electric power. The river not only drops about 12,000 feet from source to mouth, but for the greater part of its length of 1,400 miles flows through narrow canyons, in which restraining works readily might be constructed, with rock bottoms and walls. That the enormous store of natural energy now wasted should be utilized is a fact that needs no demonstration but, inasmuch as the power largely would be used in the industries, I believe I am right in my conclusion that development of this power should not be a governmental charge. The only exception to this that now is in my mind concerns the power that might be needed for the pumping of water at low cost upon plains that might be reclaimed for agriculture or for pumping from shallow water tables on lands already irrigated.

Again speaking concretely, two great hydro-electric enterprises already are projected on the Colorado river, within Arizona. One is near Lee's Ferry at Glen Canyon, at the head of the Grand Canyon. Extensive surveys already have been made at this point by a great Pacific Coast corporation which, stating its willingness to make an expenditure of even \$100,000,000 presents figures that call for a dam even 700 feet in height, impounding nearly two years' flow of the river and creating a winding lake that would have its head 140 miles distant, far up into Utah. This enterprise naturally would be of benefit in its degree of flood control, by reason of its vastness, but its principle attribute will be the generation of about 700,000 horsepower, this for distribution throughout the whole intermountain region and westward to the Pacific

Coast, keying in with electrical supply lines that now fully cover the state of California.

The second enterprise referred to is one at the mouth of Diamond creek, just north of the railroad station of Peach Springs. This is strictly an Arizona undertaking, primarily designed to furnish power to groups of mines in the southern and southeastern sections of the state. Already its plans are well advanced and assurance has been given that a large part of the contemplated generation of 200,000 horsepower would be available within three years from the date of starting construction. The amount of power generated would be far in excess of the present needs of the mines and could be drawn upon for civic, industrial and agricultural needs over the stretch of several hundred miles that would be traversed by the main supply lines. For this Diamond creek plan a temporary permit has been issued by the Federal Power Commission, but now is in suspension, awaiting action of the states upon the Santa Fe pact, though that pact gave no consideration to power development, this for the very evident reason that power works along a stream do no harm to power works below, if there be observance of riparian rights.

I can see no reason for refusal to grant private corporations franchises of proper sort for the utilization of the power possibilities of the Colorado river. Of course, there should be reservations, through which the power works should revert, after the constructing agencies had been fully, even liberally repaid their costs. This might mean anywhere from forty to sixty years, but the title eventually should pass to the commonwealth. I believe that every state within which this power would be marketed has official agencies, through which would be regulation of the price at which the electric current would be sold. I know this is true in Arizona. With these two limitations, I feel that the commonwealth would have ample protection against any corporate rapacity and that the benefit to be derived by immediate construction of such works would more than offset any possible features of a threatening sort.

The Southwest now depends mainly upon oil and coal in the generation of power. The oil supply is diminishing year

by year and the use of coal now is restricted by excessive cost of transportation. Even as important as the irrigation of the plains by stored water is the proposition of cheap power. Not Arizona alone, but every state in the intermountain and lower Pacific Coast regions would be benefited enormously by the utilization of the flow of this giant of rivers. Power costs in many localities could be divided by four, the railroads could be operated by electric power, as are the trolley lines of the cities, the mines in a time of low copper prices could have their operating costs greatly reduced, while, by electrolytic methods, millions of tons of copper could be added to the nation's wealth, through utilization of low-grade oxidized ore deposits. There could be manufactured copper products without necessity for double shipment across the continent. Industries of all sorts would be stimulated and an agricultural expansion known of millions of acres.

The reclamation of the Colorado river basin is the greatest undertaking of its kind, irrigation and electrical, in the ken of mankind. Therefore, I crave your indulgence for the time I have taken in even sketchily dealing with an enterprise of such pith and moment. Perhaps I have taxed your patience, but not with that intent. When I view this one stupendous project and then visualize the broader field of endeavor as embraced in the arid and swamp lands of the United States totalling 118,548,000 acres of land which can be brought under cultivation it is staggering in its effect on even the most inelastic mind. Yet I am not a visionary or impractical, for a plan has been proposed, and is pending before Congress to bring about this great desideratum. It is embodied in the Smith-McNary Act, in the framing of which I am proud to say, I had an insignificant part. The object of the measure is what I have outlined to you, namely the creation of a fund of \$350,000,000 for the purpose of reclaiming arid, swamp or overflowed lands for agricultural purposes. The plan is too large to admit of private financing, so Congress is asked to provide the sum named as an advance for the building of reclamation works, to be appropriated, not in one sum, but from time to time and in various amounts predicated upon estimates made by the Secretary of the Interior.

If a project is found feasible by the Secretary he may agree to build it, conditioned upon the district depositing its bonds with the Federal Loan Board in ample amount to cover the estimated cost, the bonds to run for a period of 40 years and to bear not more than five per cent interest. Simple and feasible, is it not? Yes, if men such as compose this body, will individually and collectively capitalize their influence at home and through their delegations in Congress, you will not only be benefactors to the present generation but will transmit untold and undreamed of prosperity to those who will follow after us. These thoughts, crudely expressed, I have placed before you from a sense of patriotic service in the hope that the nation's treasure of now blighted soil may no longer remain unproductive, but that the millions of dollars thus represented may be set to work for the common good; to provide homes for countless families; to establish industries, and above and beyond all, that this nation, "of the people, by the people and for the people shall not perish from the earth."

I want to thank you for this opportunity of presenting as much to you as I have, and again for the appreciation I have of the splendid personal contact I have had with you men during these conferences. I thank you.

GOVERNOR COX—Next we will hear the interesting story of the reorganization of the State Government of Maryland told by the one who did it, Governor Ritchie.

THE REORGANIZATION OF THE STATE GOVERNMENT OF MARYLAND

GOVERNOR ALBERT C. RITCHIE of Maryland

Governor Cox, Gentlemen of the Conference and Guests: I am not one of the products of the recent land slide to which reference has been made; I am rather a product of a time when there was another land slide and I came through in spite of it. I was elected on the Democratic ticket in 1919. You gentlemen will recall the land slide was pretty strong

the other way that time. It was so strong that in a normal Democratic state my majority was 165. In the following year, 1920, it went Republican about 40,000, so that I recall during the Thanksgiving succeeding that 1920 election, one of the Baltimore papers called me up on the 'phone and asked me what I had to be thankful for, and I said I had nothing more to be thankful for than that I ran in Maryland on the Democratic ticket in 1919 instead of 1920; and while the present land slide has of course given the country the benefit of the services again of Governor Cox and Governor Preus and others, it has deprived the country of the services of some other gentlemen, and since I am a candidate for re-nomination, I trust the land slide in Maryland will keep on until next November.

The Maryland legislature of 1922 adopted two constructive measures of striking character and importance. One was the reorganization of the administrative departments of the State Government, based on principles and convictions differing considerably from those which have controlled similar legislation in other states. The other was a reduction in the number of elections, which hitherto have occurred annually, by abolishing all elections, other than municipal elections, every other year. The former was accomplished by statute alone, and will become effective January 1, 1923. The latter required a constitutional amendment, which has been adopted by the people. It is my purpose to explain the nature of these two measures.

I

THE MARYLAND STATE REORGANIZATION ACT

The conditions in Maryland which lead to the legislation of 1922 (Acts 1922, Chapters 29 and 452) providing for the reorganization, on January 1st next, of the administrative departments of the state government, were perhaps not unlike conditions which have brought about similar legislation in other states.

Maryland had advanced very rapidly in administrative efficiency. Going back only little more than a decade, we

find the state, having done pioneer work in laying solid foundations for the care of the tubercular, the feeble-minded and the insane, and having established a system of free school books, entering upon a period marked by the passage of numerous great progressive measures. These included:

State Roads System
Workmen's Compensation Law
Public Service Commission
State Tax Commission
Corrupt Practices Act
Primary Election Law
Labor Laws
Ten Hour Law for Women
Health and Sanitary Legislation

Then, in 1916, came the new Educational Law, which remodelled the public school system of the state, giving it an organization which is admittedly second to none in the country; the merging into one conservation commission of the several agencies which theretofore had been conducting the state's oyster, fish and game activities; the merging into the State Board of Labor and Statistics the several agencies which had theretofore conducted the state's work relating to hours and conditions of labor, child labor, industrial statistics and information, boiler inspection and mine inspection; the merging of all the agricultural agencies of the state into the State Board of Agriculture, and the unification of that board with the Maryland Agricultural College; the control of the penal institutions by the State Board of Prison Control; and, finally, the discontinuance of special counsel and the consolidation of the state's legal work in the state law department.

In the same year came the Budget System; and here again Maryland took the lead among the states of the country in adopting this instrument for financial system and economy.

Thus, within an extremely brief period, Maryland not only caught up with other states which had been ahead of her governmentally, but herself assumed a position second to none of them.

Finally, after the really notable war session of the general assembly of 1917—notable because the legislation passed at that session furnished the models for legislation in many other states—there were added to the field of administration the single police commissioner for Baltimore city, the central purchasing bureau, the merit system and a state university, which was also the agricultural college, the University of Maryland.

This is a record of rapid, constructive progress and of steady advance in political ideals in which the people of Maryland take just pride.

Promptly after the adjournment in 1920 of the first legislature of the present administration, I began a study of the various state activities in order to ascertain what was Maryland's next great governmental need. It soon became apparent.

As has been shown, during the past ten or fifteen years, new conditions had arisen in the state, new needs had developed. As each new condition arose, the state administration had stepped forward with the means to meet it. As each new need developed, the state had supplied the need. This resulted in a period of accomplishment, but inevitably these new accomplishments were not co-ordinated. Achievement had been the important thing. Not until the lapse of some years was co-ordination possible, and the time ripe to undertake the work of fitting each new activity into its appropriate place in the general order.

There was nothing peculiar to Maryland about this. The same thing has occurred in every state. It was leading, however, first of all, to a top-heavy government, a government of too many boards and commissions, each regarding itself too much as independent of the others, too much as if it were the chief activity in which the state was engaged, and the boards were fast becoming so many that supervision over them all was a physical impossibility.

It was clear that this, unless remedied, would carry numerous consequences in its wake. There was already beginning a duplication of work and effort. Activities which should have been grouped or merged were scattered, and this in time

would impair their effectiveness. Lack of system and teamwork would ultimately spell inefficiency and waste. Boards were performing functions which experience was proving could be done by single officials.

The natural, logical thing—the sequence to what had gone before—was to pause and view in its entirety our governmental machinery, and to recast the structure, co-ordinating the several agencies, preserving every strong feature and cutting out every weak one, so that we might have a practical working-well-balanced whole, capable of operating better than the existing one, and at less cost.

The question, then, was, how practically to accomplish this. Three methods were possible, (1) Do it ourselves, without outside expert aid; (2) Let efficiency experts do it for us; or (3) Do it ourselves after securing expert advice, which we would adopt or reject as seemed best to us.

The first method was rejected. We did not wish to reorganize our state government without knowing the experience in other states and without securing advice based on that experience.

The second method was rejected also. Efficiency experts are helpful for investigative purposes and to assemble facts, and also to supply knowledge of what has been done elsewhere. But they should not be allowed to reorganize the government of any state. Personally, I do not think that the reorganization of even one state department should be turned over to them. I have seen too many instances where they have found out and recommended as their own and as something new views which a department head has long held, but for some good reason has not been able to accomplish. But when it comes to the whole state government, there is no doubt about it at all. Efficiency experts ought not to have any controlling voice in what is actually to be done. I started out with this belief, and it was entirely confirmed as time went on.

Much is said about the need of putting more business in government, and, of course, this is sound, if by it we mean that the departments of government ought to be run on the best business principles. But business and government are not the same, because government has a side, which business has not, where it is subjected to cross currents of popular

forces, such as elections, changing administrations, public policies, state traditions and usages which the people want preserved.

Business often feels the reaction from these things, and prospers or suffers accordingly; but it does not have to contend with them directly—in its own house. It does not have to reckon with these forces in building the structure of its own organization. Government does.

Equally true is it that a plan of government suitable for one state may not be at all suitable for another state. The object of government is to meet the needs of the people. What those are, is not the same everywhere. Our entire theory of independent states rests on the recognition of this.

It is essential not to forget these facts. They are basic. It is because they are basic that an administrative plan which fits exactly the needs of private business may not be suited to running the government—that a plan that works admirably in one state may not work admirably in another state; that a plan which looks flawless on paper may not stand up against the realities of practice and experience.

Efficiency experts, moving from state to state, will scrap traditions, usages and the practices of years, and substitute for them one substantially uniform, cut-and-dried scheme of government. They apply more or less the same yard stick to every state. That is hardly a cause for wonder, because they cannot possibly know the local atmosphere, and the needs and conditions which history and experience have developed in a particular state. Moreover, they seem to think that their employment makes it necessary for them to recommend always some change, whether one is needed or whether it is not.

What we wanted in Maryland, however, was not a stock scheme. We wanted a government cheaper and better than the one we had, but we wanted to preserve all that was good in our existing institutions. The only changes we wanted were changes which would bring with them greater efficiency and greater economy, and which would square with those state usages and practices which experience had justified, and which, therefore, ought to endure. In a word, we wanted for Maryland a Maryland form of government.

Accordingly, we adopted the third method mentioned above. Efficiency experts were engaged to give us the benefit of the experience of other states, to study the administration of our own state government, and to recommend the plan of reorganization which they thought best. Then I appointed a commission of leading and representative men and women from Baltimore city and the counties of the state, selected chiefly because of their practical knowledge of governmental affairs in Maryland. The chairman of this commission was a former and distinguished judge of the Court of Appeals.

This commission, working through an executive committee, studied the report of the efficiency experts, and also themselves studied the departments of the state at first hand. I worked with them, and at their request wrote their report, upon which we were all agreed. It did not bear much resemblance to the plan of the experts, and it is the better for it.

Let me now state a few of the fundamental principles on which our reorganization plan was based. This will serve to show how much importance was attached to preserving those institutions and policies which already worked well and economically in Maryland, and to making no changes simply for the sake of making them, or for the sake of producing a paper chart of symmetrical proportions. We only made changes when more efficient and more economical results would be secured thereby. This, I think, ought to be the cardinal rule in work of this kind.

CENTRALIZING POWER IN THE GOVERNOR'S HANDS

This is an underlying idea in many of the recent state reorganizations. Actually, not much new power is given the Governor, but checks and balances on powers he already has are removed. We found no necessity for this in Maryland. There the Governor has all the power he needs or ought to have. What he did need was better facilities for keeping advised as to how the departments were functioning, and better facilities for supervising them. So that is what we aimed to give.

BOARDS AND COMMISSIONS VS. SINGLE OFFICIALS

The recent tendency in other states is towards the substitution of single officials for boards and commissions—the latter, when retained, being advisory only. The theory is that this centers responsibility. But the question cannot be properly decided by any hard and fast rule. Each case must be determined in accordance with its own facts. It depends entirely upon the nature of the work which the particular board is called upon to do, and whether that work can be more efficiently and effectively performed by a single official or by a board.

In deciding upon each case, however, we applied as far as practicable the general principle that boards whose work is principally administrative should ordinarily be supplanted by a single official, but that boards whose work is quasi-judicial or involves determination of state policies should ordinarily be preserved.

A few instances will serve to show how controlling we thought experience and actual conditions ought to be in this connection.

The efficiency experts, of course, recommended that the subject of state-aid to semi-public institutions should be turned over to a salaried commissioner of charities, assisted by field inspectors. But in Maryland this work has long been in the hands of an unpaid Board of State Aid and Charities. Broadminded men of experience and judgment serve upon it. They undertake their task as a public duty. Compensation would tend to discourage rather than attract them. The subject involves broad questions of policy and state philanthropy. It is worthy of the best thought of the most public spirited citizens of the state. It gets just that under the present system. What would be the gain in scrapping it all, just because some efficiency experts, who know little or nothing about local state conditions, tell us that a paid commissioner would be better? So this board was continued.

Another instance was in the field of education. In Maryland we have an unpaid State Board of Education and an unpaid Board of Regents for the University of Maryland.

The former was the result of extensive study by as competent authorities, both national and local, as there are in the country, and the system adopted as the result of their recommendations is generally accepted as unexcelled anywhere. The latter was likewise the result of the closest kind of study by educational and agricultural experts familiar with our conditions. Both systems are working splendidly.

The efficiency experts recommended scrapping both, and substituting a single paid super director of education, supported by two advisory boards. The people of Maryland are perhaps more interested in public educational work than in any other one thing. They are certainly more concerned than anyone else in securing and keeping the very best educational system they can. When we have at last a system which is working effectively and with entire satisfaction, what would be the gain in supplanting it by some other system which efficiency experts, here at most only a few months, undertake to recommend? We thought we knew more about that subject than they did, and so we continued the system which experience has shown to be thoroughly satisfactory.

One more instance, we have in Maryland eighteen boards for the purpose of examining and licensing applicants for various trades and occupations. The efficiency experts recommended abolishing them all, and transferring their work to the State Employment Commissioner, who would then appoint examining boards of three for each occupation.

It is very important, however, not to impair the close relationship with the professions and trades and the benefits therefrom which result from the boards and commissions selected from their number. This relationship is, of course, necessary for the proper preparation and rating of examinations. But of equal importance with that, is the added interest and responsibility for maintaining high standards in a profession or trade which always should rest and usually does rest upon those who serve on boards and commissions of this kind. It is necessary that nothing be done to lessen that.

A number of Maryland boards, for instance, have membership in national or international associations, and send

delegates to their conventions. This should, of course, continue. It serves to keep Maryland abreast of the most advanced practices and standards elsewhere. This is only one of many board or commission activities which it is most desirable to encourage.

These boards, moreover, are nearly all products of the best thought of those most interested in their work, reached, in many instances, after years of observation and practical experience. They should not be scrapped merely because something else may look well on paper.

Accordingly, we continued them, and at the same time met the one weak spot in the situation by a provision which will result, wherever practicable, in concentrating their work in one office, with a consequent saving in expense and greater accessibility to the public.

UNPAID BOARDS FOR STATE INSTITUTIONS

Recent reorganizations in other states abolish these, and place the institutions under the supervision of a single director, with provision for some kind of general advisory board or boards; the idea being that this centers responsibility.

We did not favor abolishing the unpaid boards which have so long and successfully managed the state institutions of Maryland. These boards have played a very conspicuous part in our government. They have always included among their number men of public spirit, who have given unselfishly and unstintingly of their time and talents to the public service, and who have spread throughout the state the reputations of the institutions with which they were identified, and engendered and increased public interest in them.

These men have not desired to work for compensation. They have simply wanted to fulfill an obligation which they felt they owed their state; and through their labors for and their interest in the state's institutions, they have fulfilled this obligation efficiently and well. This is the highest type of public service. It should not be discontinued. It should be encouraged.

This, however, was no reason why we should not recognize the respect in which this form of institutional management offers room for improvement, namely the board is apt to lack a sustained sense of responsibility and control. Actual responsibility rests too much upon the superintendent under the board, and not enough upon the board itself. This, we thought, could be remedied by providing a supervisory director, whose business it would be to keep in close contact with the work of the boards, and then let alone what is being well done and correct what is not. This will preserve all the advantages of the unpaid boards, and remedy their one weakness.

MINORITY REPRESENTATION

Reorganization plans in other states show a tendency to discontinue minority representation on the ground that if the Governor is to be responsible for the acts of his department, he must have free choice in making his appointments, with no restrictions of a political nature, such as the necessity of recognizing party.

We did not think it necessary to discuss the soundness of this in theory. We were not dealing with theory, but with the practical requirements of a government for the people. We, therefore, recognize that the great majority of the people belong to the two leading political parties, that any plan of government must be for the government of those belonging to both, that many administrative questions necessarily involve some political considerations (in the board, not the partisan sense), and that these can often be more soundly decided after hearing what one from the minority thinks.

We thought that these considerations more than off-set any possible impairment of the Governor's responsibility, which at most would be inconsiderable. Accordingly, we did not recommend any departure from the principle of minority representation as recognized in Maryland.

REPRESENTATION OF WOMEN ON BOARDS

We felt that the extension of the suffrage to women carries with it a joint responsibility upon women and men for the

administration of public affairs. This means that women should be appointed on state boards and commissions, particularly in those fields of work where woman's training, interest or experience especially qualifies her. Upon all of these we provided that women should be represented, and share with the men the work of management, counsel, and supervision.

CONFIRMATION OF EXECUTIVE APPOINTMENTS BY THE STATE SENATE

There is a recent tendency to do away with this, as a further means for centering responsibility in the Governor.

We felt, however, that the right of the Senate to confirm executive appointments is a salutary check which should continue, except, of course, in the case of offices as to which the legislature sees fit to relinquish it. We felt that the check is sound in principle, and that whether it should be relinquished in any case is always a question for the legislature itself to determine.

CONSOLIDATION OF STATE AGENCIES

We adopted the principle that state offices and agencies should never be combined under one department simply for the sake of combining them, nor should so many ever be combined as to make it difficult for the department head properly to supervise and direct them all, or to make the performance of their work more costly. Subject, however, to these latter conditions, all state offices and agencies whose work is of an allied or related character, should be grouped or merged under one department. This co-ordinates their several activities, promotes system, economy and efficiency, and creates a well-ordered, well-balanced governmental structure with all branches of which the Governor is enabled to keep in constant touch and over all branches of which the Governor can exercise competent supervision.

One illustration may be given of how efficiency experts would violate this obviously sound principle. They recom-

mended to us a so-called department of commerce, which had no justification at all for its name, and which seemed to gather together everything which could not be put anywhere else, utterly regardless of the fact that the activities of most of the various agencies grouped under it were about as unrelated as the planets in two different solar systems. There was no reason at all for this, except to make a purely paper reduction in the number of departments. So we rejected it, and put nothing in any departments which did not inherently belong there.

The above are the more important principles upon which the Maryland plan is based. I will not take your time to outline the plan itself, except to say that it provides for reducing the 80 odd boards, officers and departments through which Maryland formerly conducted its state activities to sixteen major departments, as follows:

1. Executive Department.
2. Finance Department.
3. Department of Law.
4. Department of Education.
5. State Board of Agriculture and Regents of the University of Maryland.
6. Department of Militia.
7. Department of Welfare.
8. Department of Charities.
9. Department of Health.
10. Department of Public Works.
11. Motor Vehicle Department.
12. Conservation Department.
13. Department of Public Utilities.
14. State Industrial Accident Commission.
15. Commissioner of Labor and Statistics.
16. Department of State Employment and Registration.

In addition, there are three minor departments, whose work is not related to any of the major departments, and which could not, therefore, be assigned anywhere—namely, the Inspector of Tobacco, the State Board of Moving Picture Censors and the Racing Commission.

Provision was also made for a Governor's Advisory Council composed of thirteen important officials of the state, who will meet with the Governor periodically, for the purpose of considering state policies, finances and conditions.

No sooner was the plan formulated and adopted by the Reorganization Commission, than predictions began to be made that it could not pass the legislature. These were all based on stock arguments—the plan was too radical for our conservative people; things were working reasonably well, and there was no need of any change; offices were abolished and the politicians and office holders were against it. And so on. Not a constructive criticism of a single feature of the plan. Nothing, except "It can't be done."

But it was done. The plan was endorsed by the Democratic convention of 1921 and made the leading plank in the Democratic platform. It became the prominent issue in the Democratic campaign of that fall, and a Democratic legislature was elected.

That legislature passed the bill. A last minute reactionary fight against two of its provisions, with the purpose of retaining several jobs, was made, but it was a twenty-four hour wonder, and could withstand neither the glare of publicity nor the determination of the members to redeem their pledges to the people. The bill passed with only immaterial modifications, all of these satisfactory to its framers.

What remains now is to see that the new appointments are filled with the very best men who can be secured for them. No matter how excellent may be the form and possibilities of a law of this kind, it can accomplish nothing without the human factor, it can only gain life through the personality and the force of the men chosen to administer it. Upon the Governor rests that responsibility. He must fulfill it in a way which will breathe vitality and reality into what is the biggest legislative step which Maryland has taken in years.

II.

THE MARYLAND FEWER ELECTIONS AMENDMENT

To the Reorganization Commission I also entrusted the task of evolving a plan to reduce the number of elections. They did this, by proposing a constitutional amendment which would abolish all elections, except municipal elections,

every other year. In Maryland there have always been elections, both primary and general, every year. This new plan made every second year free of them.

This plan was also incorporated in the Democratic platform of 1921, was perfected in its details during the legislative session of 1922, and was passed by that legislature (Acts 1922, Chap. 227) in the form of a proposed constitutional amendment, over somewhat stronger opposition than developed against the reorganization bill. The proposed amendment was submitted to the people, and adopted by a decisive majority at the election in November, 1922.

The amendment provides, in brief, that beginning with November, 1926, all state and county elective officers, except judges, shall be elected by the people for four year terms, and that elections therefor shall be held every fourth year, the elections thus always falling in congressional election years, but never in a Presidential election year.

The time until November, 1926, is necessary in order to adjust the terms of certain existing officials, and of officials elected or appointed between now and November, 1926, to the new order.

The amendment will result in a demonstrable saving to the taxpayers of Maryland in election expenses amounting to several hundred thousand dollars each year, but I consider this secondary to the saving of the economic waste which elections every year always cause.

The people are called upon for personal contributions to campaigns; the excitement, the controversies, the prejudices, the enmities of campaigns divert the minds and the time of the people from their business and personal affairs and from their civic duties; they disrupt friendships and good will; they promote factionalism in politics which all too often extends into business. It is a fine thing to know that every other year there will be none of all this—that every other year the time and the worry and the money now devoted to political campaigns, often wasted on them, can be devoted to more profitable and more productive work. This will represent a saving which can not be measured in dollars.

There were only two substantial arguments against the amendment:

1. It was said that the legislature will still meet every two years, and that all of its members would be elected for four years or for two sessions, instead of all of the delegates and one-half of the senators being elected as formerly before each session, which, it was urged, is necessary in order to assure that the legislature will be responsive to the public sentiment and will.

I fully agree that the legislature ought to be responsive to the public sentiment and will. But a state legislature, much more than the Federal Congress, has business rather than political questions to decide, and in matters where public sentiment is and should be influential, a man is pretty certain to be just as responsive to it if he is already in the legislature as he would be if he is trying to get in. Indeed, he is apt to be more sound and wisely discriminating in his responsiveness. Moreover, the four year term for delegates will, I think, be more attractive to the best type of legislator, and the first term's experience will be most beneficial during the second term, with better legislators and sounder legislation the result. The electorate itself will be better, because the people will be more discriminating in electing for four year terms than for two year terms.

2. It was also said that under this amendment the Governor and the legislature would be elected at the same time that congressional elections are held, and that this may inject federal questions into a state election. This might be true if our state officers were to be elected in presidential years, but it is not true to say that the choice of the people for their Governor and their legislature is going to be affected by the fact that they vote for a Congressman at the same time. This is no more than a pet theory of some people which experience does not bear out.

But suppose there were some merit in these objections. The amendment does, of course, involve a progressive and a radical step. It was not surprising to hear some objections to it, and it was not surprising to know that some people who advanced these objections believed them sound. Personally, I do not think they were; but no matter how much merit be conceded them, they cannot possibly overcome or anywhere near equal the advantages of the amendment.

I am not talking now to the theorist in government, to the student whose knowledge of it comes only from books, or to any who believe that whatever is in our institutions must always be right. I am talking to the practical wage earners, farmers, business men and housewives of the country, the people who know how government affects them and want it run with as little cost to themselves as possible, the people who are worn out and surfeited with two political campaigns every year of their lives and want a rest from their turmoil, their agitation and their expense. These people will get what they want and need in this respect every second year under this amendment. Surely the importance and the certain benefit of this far outweigh any small merit which there may be in the technical and doubtful objections to it.

These, then, are Maryland's outstanding contributions to state government legislation through its General Assembly of 1922.

GOVERNOR COX—It seems to me as I present the next speaker, I ought to claim him as a citizen of my own commonwealth. He has a name which has enriched our history. We have had many of the same name, who have brought distinction to Massachusetts, Revolutionary heroes, preachers and men that held positions of leadership in our life in all of its activities. We have Parker Hill and Parker Hospital and Parker Row and also Theo. Parker, etc. Governor Parker of Louisiana will address us on the subject of "Citizenship."

CITIZENSHIP

GOVERNOR JOHN M. PARKER of Louisiana

Mr. Chairman, my fellow Governors, Ladies and Guests: I am very glad of having an opportunity to briefly express my viewpoints this evening, and I want to assure you that I greatly appreciate the opportunity.

It was my privilege some fourteen years ago to be present at the first Governor's Conference which was held in Washington under conditions different from those obtaining now, but under conditions which were most imperative. As I

recall, there was a very large attendance, forty-three Governors, and each Governor was requested to bring from his state two members to attend that conference. The then Governor of Louisiana asked to attend with him Edward H. Fallow and it was my privilege to have been named as the second. We met in the White House and, while we can refer back to those old days, instead of it being a formal official meeting, in many respects it reminded one more of a prize fight, because there was something doing all the time; the time was limited to everyone except the set speakers, and we had three minute rounds for any interrogatories of any kind or cross questions that might be asked; we had a regular time keeper and Theodore Roosevelt was the boss of the job, taking care of both preliminary introductions and then acting as general referee, and I would to God that we had a man of his sterling worth, patriotism and ability to lead in all the troublesome days we have been going through and have had to face.

That first conference handled two problems. My friend Governor Campbell touched upon one, the conservation of our national assets, and the next, which I consider paramount to all others in this country, is our citizenship.

The first problem, the conservation of our national resources is one of very great importance, not only to ourselves and our benefit, but for the benefit of those who come after us.

My idea and interpretation of that meeting was that it was for the direct purpose of an exchange of views between all of us, and that it was to instill into us and to make us all remember that we are all members of the government of the United States, of the various limbs that form that beautiful tree that is the admiration of all mankind. These conferences are not frigid and exclusive affairs, but are composed of men from all over the United States, of men selected to represent various states, who meet in conference to discuss problems having to do with the future welfare of this nation —its happiness, prosperity and real existence. Accordingly, I shall take advantage of the meeting here this evening and make a brief, pointed reference to a subject which I have

chosen, that of "Citizenship." My views may differ from some of yours, but we might as well face those problems of citizenship now as any other time, and proudly face them—face them because our citizenship is the greatest asset of the nation; that citizenship that has taught us to respect law and order, and when we slip away from that condition we are rapidly slipping back to the days of barbarism.

To a limited extent my state is affected, as a large number of other states are, by those two black clouds that stand out in the background—the clouds that make law, order and tranquility as things almost forgotten. Those two clouds are, first, that invisible order known as the Ku Klux Klan, and, second, the Prohibition Question.

The Ku Klux Klan has rammed its head into the state of Louisiana from end to end. It is an organization of men who do not stand in front of one and look him in the eye and say what they think, but who work under mask and under cover and who have arrogated to themselves rights and power above law and order and the judicial decisions of the land, which are absolutely necessary for the welfare of the state and nation. These men, without foundation, boast of one hundred per cent Americanism and advocate in doctrine—in document after document issued by them, that it is their earnest desire to be of help to those officers who are seeking to uphold the administration of law and order and justice. I want to say here, gentlemen, that since my occupation of the office of Governor not one single time has the Ku Klux Klan ever offered or tendered the slightest help or the slightest assistance to me in my efforts to have people obey the law or in helping me to sustain the sanctity of the law.

Have they ever offered any aid or assistance to any one of you Governors here? I would like to hear a favorable report if it can be made. A short time ago I asked in Washington if they had ever lent any aid or assistance in this respect, and was advised that not a single one had ever tendered his help to the Department of Justice.

The Klan is a body of men, many of whom I believe are honest, a large number of whom I believe are misguided men—men endeavoring to mix religion and politics and, gentlemen,

as soon as they start that they start the inciting of race animosities, start real bickerings and strife. Go back to the old days when our people were first confronted with this organization, very similar in all respects, and you will find it started because of the fact that our women and daughters had to be protected and the Klan arose for that purpose. But you will find there was no such thing in the original organization as religious intolerance—it was an organization of self-respecting, conscientious men, no matter what their religious views might be, for the protection of the home and families; but today it is no such organization as that. It is now an organization of men who are misled and misguided.

This Ku Klux Klan have undertaken a systematic organization all over this country, and have reached into most every state and nearly every community, and apparently their first efforts are to get in with the powers that be, the judges, the sheriffs, the district attorneys and other officers; and they pretend to preach the doctrine of pure Americanism.

They claim that they want to help you. Let me say, gentlemen, that there isn't a case in Louisiana, which has had a number of cases of law violation, where I have ever received the slightest support from this invisible Klan. Not long since I sat in my home listening to the very pitiful plea of a woman, an orphan, who said her husband had been taken away from her by the Klan, and she said, "Oh, Governor, won't you help, won't you do what you can to try and find him? He is all I have." Then the next day I received a letter from an old man concerning a younger man carried away, a man who had served on the other side in the 336th Infantry, whose record was spotless, a capable man, a man that had never had a charge of any kind or character against him. That man was put out of existence practically at the same time as this woman's husband, and case after case of that kind. Men were torn from their families and carried away by that bunch of men and punished for this, that or the other, or no offense at all. Those people came to me and asked who did it, who was responsible, and broke down and cried. It was some trying circumstance, gentlemen, to sit in the office of Governor at Baton Rouge and have this woman with her two

little children come and say that she didn't know why they did it and that she was there to ask me to do what I could to help her and hear her plead, "Oh Governor, won't you help to find my husband? he is all I have. I was an orphan girl and these are my little children," and then, in answer to inquiries, have her tell me her husband had never been arrested in his life or charged with any offense. And I want to say, gentlemen, I gave her my assurance that to the limit of my ability and my power we would get right to the bottom of these matters, and, absolutely regardless of consequences, put before the bar of justice those guilty of any such crimes. Governors, when any organization of that kind seeks to undermine our various states, to bring our laws into disrepute it is high time for all of us to express ourselves unqualifiedly as to where we stand, to clearly, unqualifiedly and unequivocally put ourselves on record; and my hope is that before you adjourn you will unqualifiedly put yourselves on record to the effect that America is going to be ruled by and according to law and not by any Ku Klux Klan organization; that no set of men will be permitted on our streets or highways who must hide behind masks; and, further, to place ourselves on record by asking Congress to enact a law, the effect of which shall be that every secret organization shall be compelled to file under oath semi-annually with the Department of Justice a detailed statement, signed and sworn to by its officers, of all the members of that organization, so that if we find any violations of the law by this invisible order, those who suffer can hold them responsible financially.

It is a big question and one that we might well frankly face, and I earnestly ask, if in your wisdom you think I am right, that you pass a resolution of the kind suggested before you adjourn on Saturday.

The other situation I desire to express myself on is the prohibition question. I refer to that because only yesterday I was advised that the President will call a special session of the Governors, or a special meeting, to consider this question.

Let us look at the matter perfectly fairly and squarely. We have been trying out prohibition for four years. From the

gulf to the lakes and from the Atlantic to the Pacific we find that home brew has taken a most wonderful lease on life, and today men and women who never before thought of violating the law are trespassing and don't hesitate to manufacture intoxicants in their own homes, and one can get about whatever he wants to drink. If you will take the records in your cities, such as New York, Philadelphia and Baltimore, including Washington, because I believe it as wet as the others, and then on down to Governor Hardee's state of Florida, you will find that prohibition is almost a farce, and then when you get to your interior sections you discover that men are manufacturing, utilizing and buying white mule and hooch and white lightning and other concoctions and other overnight remedies, and I doubt if there is a Governor here who hasn't had brought to his attention cases of blindness or other direful effects of these overnight preparations.

I question the propriety of prohibition. The other day I saw a joke in one of the northern papers referring to the fact some of the bootleggers were bitterly complaining because they said they couldn't compete with the enforcement agencies; that the latter had advantages that are unfair. There isn't a one of us who hasn't seen in the records of the various courts evidences of the free and open violations of the law. Just before I left home to come north I had a case presented to me of two men who had a bottle of whiskey. The judge fined them \$30 apiece and sentenced them to two days' work on the streets. Later a United States court fined a number of men \$50 or ten days in jail for bootlegging. I released the first two men so far as the sentence on the streets was concerned. When we see the deliberate defiance of the law everywhere, not on the part of the poor man alone but also on the part of the rich man—we must ponder. What must be the consequence? Gentlemen, when we create laws the nature of which cause men to lose respect for those laws, we are surely slipping away from those principles which made this country great.

I am not an advocate for liquor; I don't believe we should ever revert to the old days of the open saloon, but when we all know that the experiment that has been tried for the last

four years is a failure; when we know that the people are manufacturing light wines and beer and home brews; when you pick up your papers and read of the violations—the flagrant violations of the law and the conditions that stare us in the face, you can draw your own conclusions in regard to it. I don't expect to be able to attend any conference in Washington in January, because I can't get there. I feel, therefore, that it would be unfair to myself not to now say frankly and very regretfully that the laws are not obeyed, that the laws are not enforced, and that if we want to accomplish something along purely common sense lines, we should take a stand for the modification of the law.

I was interested in the statement of Governor Preus, when he said that Quebec was the largest of all the provinces in Canada, where they have regulated the liquor traffic, where they have put it entirely under control and supervision of the General Government. That is a good plan. The saloon should never return. What we need is explicit, plain, uniform laws regulating the distribution of liquor. Heavy fines and imprisonment in the penitentiaries should be imposed for any violations of the laws and enforcement should be uniform. Don't have one law in New York and another in San Francisco and another in New Orleans, but have the laws such that we as citizens can impress upon our people the importance of living up to them. That is the great essential for Americans, and one of the things for us to work out in these conferences, and I hope to be with you next year and we will put in the knock out bill, where we will get a free, frank expression on the part of all of you, and where we will sit and discuss with the utmost frankness and participate freely in these discussions. We are all real Americans and there is not a particle of use for us to try to dodge the issue. Either let us enforce our laws or else acknowledge that we haven't the power to enforce our laws and that therefore our laws don't amount to anything.

I thank you very much for the consideration of listening to these remarks. I feel deeply, strongly and earnestly in these matters. We have passed the period when we can sit down and throw beautiful bouquets; there is no use of postponing this matter for a week or a month or any other time.

Let us meet those problems right away, express ourselves as frankly and squarely as we can in regard to them; there is and will be no personal differences because some gentlemen strongly differ with me or my viewpoint. Let them ask questions and show where we stand on these questions and get suggestions for improvement. I am willing to take off my coat and do everything I can for the betterment of conditions. I thank you.

GOVERNOR COX—The meeting is now open for general discussion on any points that have been raised.

GOVERNOR COX—If there is no desire to discuss any of the questions the session will stand adjourned and the next session is this evening when other papers are to be presented.

The conference here adjourned until nine o'clock p. m.

NIGHT SESSION

THURSDAY, Dec. 14, 1922.

GOVERNOR HYDE—of Missouri presiding: The meeting will come to order. I am informed that two thoroughly good speeches have been given to the press and must therefore be delivered. That is where we are all fortunate. I have the honor and pleasure of introducing the first speaker, Governor Trinkle of Virginia, who will speak on the Budget in Virginia.

DISTINCTIVE FEATURES OF THE VIRGINIA BUDGET SYSTEM

GOVERNOR E. LEE TRINKLE, of Virginia

Mr. Chairman and ladies and gentlemen: I take it for granted it is hardly necessary for me to say it is indeed a very pleasant experience for me to join with you, the first opportunity I have had since I have been Governor. From the standpoint of servitude, I suppose I am the youngest here; and from the age standpoint, after looking over some of those

who have preferred to have their pictures taken with their hats on, I am inclined to believe that I have seen the fewest years go by.

I have a subject tonight which is not interesting to the ladies and I am afraid it will not be interesting for the rest of you, and I am quite fortunate in having it written, because after the feast we have had I doubt if I could have otherwise delivered it.

After several years' agitation, the movement for a simpler and more efficient state government in Virginia found expression in an act of the General Assembly of 1916 providing for the appointment of a Commission on Economy and Efficiency charged with the specific duty of making a careful and detailed study of the government for the purpose of indicating how it could "be more efficiently and economically organized and administered."

This commission, after pointing out the structural weaknesses of the existing government, said to the General Assembly that in their opinion "the one thing that will do more than anything else to place the state government of Virginia on a more business-like basis would be the introduction of a modern budget system." In conformity with this conclusion the commission drafted and included in its report a bill to establish an executive budget system for the state.

This bill was enacted by the 1918 legislature without change, and with only two votes being cast against it. Being approved February 19, the budget law became effective on June 21, 1918.

This law established an executive budget system of an advanced type, possessing several distinctive features, which have made it possible for Virginia to cast off the shackles of the old complicated, inefficient and very unbusiness-like method of handling its financial affairs, and to take a new place among the progressive states of the Union.

The first appropriation act passed under this new budget system, approved on March 10, 1920, carried total appropriations out of the general fund of the state treasury amounting to nearly \$22,500,000 for the 1920-1922 biennium.

Compared with the departmental and institutional requests for funds, which had been submitted to the Governor in their estimates of needs, this appropriation represented a clear saving of more than three millions of dollars. In addition to this saving, the bill as passed provided a net increase of \$1,000,000 for the support of the public schools of the state, and carried liberal increases for pensions, roads, agriculture and the operating requirements of the state institutions—this being accomplished without any increase of taxation.

The appropriation act approved March 11, 1922, the second passed under the new system, carried total appropriations out of the general fund of the state treasury for the 1922-1924 biennium amounting to \$23,725,000, representing a saving of more than \$12,700,000, as compared with the institutional and departmental requests for appropriations which had been made at the time their estimates were filed with the Governor.

The Virginia budget law designates the Governor "chief budget officer" and makes him the actual business head of the state, as well as its chief executive, with rather wide powers for shaping the state's economic and fiscal policies.

All state agencies are required to report their future financial needs compared with their past expenditures to the Governor, in the form prescribed by him, prior to the first of November preceding the regular biennial meetings of the General Assembly in January. For his further guidance in framing a comprehensive work program for submission to the legislature, the Auditor of Public Accounts is required to furnish the Governor full and detailed information regarding the state's current and expected revenues, treasury balances and special funds.

Thus the Governor is placed in possession of full information concerning the state's past expenditures, its estimated needs, and its expected income under existing laws. With this information before him, the Governor, as chief budget officer is enabled to plan an intelligent budget for the consideration of the legislature—the people's board of directors.

The Virginia budget law further gives the Governor power to call for and have furnished to him promptly any additional

information he may desire about the affairs of any state department, institution or other agency, backed by his constitutional authority to "require information in writing, under oath, from the officers of the executive department and superintendents of state institutions upon any subject relating to the duties of their respective offices and institutions; and to inspect at any time their official books, accounts and vouchers." Furthermore, the budget law requires that every two years the Governor must make a careful survey of all state departments and institutions in order to possess a working knowledge upon which to base his recommendations to the General Assembly.

To enable the Governor more fully to exercise these wide powers, the budget law was amended by an act approved March 20, 1922, authorizing the Governor to appoint a deputy budget officer to be known as the Director of the Budget, and such additional assistants as may be required to carry out the provisions of the law. With the enactment of this amendment providing the Governor with a regular and permanent budget staff, provisions were inserted in the general appropriation bill enabling the Governor to exercise a managerial control over all expenditures, thereby evolving the Virginia budget system into an operating control agency as well as a planning system.

Under these provisions of the general appropriation bill, which carries the items of the budget amounting now to approximately \$12,000,000 a year, it is made the duty of the Governor, as chief budget officer of the state, or his deputy, to see that the monies are expended efficiently and economically for the purposes for which they have been appropriated. Should he find, in his opinion, that the funds are not being properly expended, he is given the power to restrain the Auditor of Public Accounts from making further disbursements, in whole or in part, out of its appropriations, to the offending state department, institution or other agency, reporting his reasons for withholding the funds to the legislature in his next budget.

Power to transfer funds within a given department, institution or other state agency from the object for which

the appropriation was made to some other use is also lodged in the Governor upon application by the responsible head thereof. Again, no state department, institution or other agency can exceed its appropriations, except in an emergency, and then only with written consent and approval of the Governor. Personal liability and removal from office can be enforced by the Governor against state officials responsible for incurring an unauthorized deficit.

While preserving unimpaired all the inherent rights of the legislative branch of the state government, the Virginia budget law was so drafted as also to incorporate the constitutional veto powers of the Governor as a fundamental feature of the system. In addition to the Governor's responsibility to formulate and propose to the legislature a work program, i. e., a budget, the Virginia constitution contains the following provisions:

"The Governor shall have the power to veto any particular item or items of an appropriation bill, but the veto shall not affect the item or items to which he does not object." And further, if the Governor does not approve of a bill, or "If he approves the general purpose of any bill, but disapproves any part or parts thereof, he may return it."

In the first case, a two-thirds vote, if the number of members present includes a majority of the members elected to that house, is required to pass a bill over the Governor's objections, or to reinsert an item in the appropriation bill after it has been vetoed by the Governor; while in the second case a majority of the members present can refuse to change a bill in accordance with the Governor's recommendations, whereupon the bill can be acted upon by the Governor as if it were before him for the first time—i. e.; he can either approve or veto the bill as he may desire.

From this brief enumeration of the Governor's powers, as chief budget officer of the state, it is easily seen that the Virginia budget system is distinctive in establishing an actual business head of the state with real powers and adequate facilities both to plan and to execute a comprehensive program of expenditures.

Another outstanding feature of the Virginia budget system is its full recognition of the inherent rights and func-

tions of the legislative branch of the government. Unlike the budget procedure in some of the states where constitutional restrictions have been imposed upon the legislature, the Virginia system recognizes the legislature as the people's board of directors, so to speak, the law providing that "The General Assembly may increase or decrease items in the budget bill, as it may deem to be in the interests of greater economy and efficiency in the public service, but neither House shall consider further or special appropriations, except in case of an emergency, which fact shall be clearly stated in the bill therefor, until the budget bill shall have been finally acted upon by both Houses."

That responsibility may be easily and definitely fixed for changes which may be made by the legislature in the Governor's budget, the Governor can exercise his constitutional veto powers in defending his program, and by so doing force the General Assembly to account direct to the people for their action.

Experience with the first two budgets which have been passed under the Virginia system, shows that while a number of items in each budget have been changed by the legislature—a large number of them at the request of the Governor himself—the net changes in the bills as a whole have been small. Furthermore, this experience has shown that the amounts appropriated by special bills, and not included in the budget, also have been comparatively small.

For instance, the Governor's budget bill as submitted to the General Assembly in 1920, recommended combined appropriations out of the general fund of the state treasury for the two years, 1920-1922, amounting to \$22,143,547; whereas, the general appropriation bill as finally passed and approved by the Governor carried items amounting to \$22,495,643, an increase of only 1.6 per cent. The net difference between the Governor's budget recommendations and the appropriations agreed to by the General Assembly of 1922 for the two years, 1922-1924, amounted to an increase of only \$201,440, or less than one per cent.

Whereas the total appropriations out of the general fund of the state treasury for 1920-1922 contained in the general

appropriation bill amounted to \$22,495,643, the combined amounts in the special bills that were passed and approved at the 1920 session of the General Assembly amounted to \$635,476, or to 2.7 per cent of the total funds appropriated. The amount of money appropriated by special legislation at the 1922 session, however, including provision for a new state office building, amounted to \$413,233, or to only 1.7 per cent of the total appropriations.

In order that the General Assembly may act intelligently on the budget, the Virginia law provides that the standing committees of the House and Senate in charge of appropriation measures shall sit jointly in open sessions to consider the Governor's estimates, with the right to "cause the attendance of heads or responsible representatives of the departments, institutions and all other agencies of the State to furnish such information and answer such questions as the joint committee shall require." This provision makes it possible for any department or individual to appeal from the Governor's allowances and secure easily a hearing before responsible committees of the General Assembly.

The Governor, or his representative, and the governor-elect, have the right to sit at these hearings and be heard on all matters coming before the joint committee.

To establish even closer relations with the legislature, the practice of the Governor in the preparation of the first two budgets has been to invite the chairmen of the appropriations committees of the two houses to sit with him during his consideration of the estimates in order that they might be fully informed as to all items of the budget. The preparation of the budget is a responsibility of the Governor, however, and the chairman of the committees are entirely free to support or oppose any and all items of the budget on the floor of their respective houses as they may see fit. They sit at the Governor's hearing simply as observers, having only advisory and not formal authority or responsibility.

The law also provides that the Auditor of Public Accounts shall furnish the Governor an estimate of the financial needs of the General Assembly, certified and approved by the presiding officer of each house, which he must include in the

budget without revision. Here again the constitutional rights and functional prerogatives of the legislative branch of the state government are recognized and guarded under the Virginia budget system.

The third distinctive feature of the Virginia budget system is its dual function, accomplishing both the planning and the control of state expenditures.

The provisions of the law requiring that every two years all state agencies shall report their future financial needs to the Governor, compared with their past expenditures; along with those providing for biennial surveys of the various state agencies by the Governor, and the means with which the Governor is provided for acquiring all necessary information about the state's revenues, financial condition and operations, together constitute the Virginia budget system, one of the most comprehensive governmental financial planning systems that has so far been put into operation.

On the other hand, the 1922 amendments to the budget law providing for the appointment by the Governor of a deputy budget officer and the establishment of a permanent budget staff, along with the new provisions of the general appropriation act which vest power in the Governor to follow up the expenditure of funds carried in the bill, have made it possible for the Governor to institute an operating control over the actual spending of the monies which have been authorized for executing his program. This operating control feature of the Virginia budget system is unique and a brief survey of what has been undertaken along this line in the first year of its operation reveals its many possibilities for bringing about a more business-like government.

The first step in the development of an operating control over the expenditure of appropriations by the Governor, was the formulation by the Director of the Budget of a monthly reporting system for all state institutions and departments.

Beginning with March, 1922, each institution has filed monthly with the Director of the Budget (1) a statement of its disbursements by functions, and by character and object of expenditure, in keeping with the budget classifications;

(2) a statement of its appropriations and other revenues showing the cash balance on March 1, 1922 (the beginning of the current appropriation year), the amount of its appropriations and revenues from other sources, with total credits compared with actual disbursements, the amount of the unexpended balance compared with outstanding liabilities, and the unencumbered balance at the end of the month; and (3) an itemized statement of revenues other than from appropriations.

Under this system of monthly reports, information is available each month as to the current financial condition of each state institution. These reports, summarized so as to show the balance at the beginning of the month, the receipts and expenditures during the month, and the balance at the end of the month, reveal immediately any tendency on the part of an institution to exceed its appropriations. So far it has not been necessary for the Governor to exercise the authority vested in him to restrain the payment of its appropriation out of the state treasury to any institution for a splendid spirit of co-operation has been built up between the Governor's Office and the various spending agencies of the state.

Prior to the enactment of the 1922 amendments to the budget law and the establishment of the operating control feature of the Virginia budget system, the five state hospitals for mental defectives and epileptics were allowed to exceed the amount appropriated for their support where this was necessary in order to meet current expenses. All other state institutions were expressly forbidden to exceed their appropriations, but this restriction, because the Governor has no power to enforce it, was frequently disregarded, and unauthorized liabilities incurred by such institutions notwithstanding the terms of the law. Each succeeding session of the General Assembly, in consequence, found the revenues which should have been available for the ensuing period encumbered to a greater or less extent by the accumulated deficits of the preceding biennium. These deficits possibly were not due directly to extravagance or improper management; but under close supervision by the Governor's

Office their aggregate, it is safe to assume, could have been materially reduced.

The fact by itself that their monthly expenditures are now subjected to a critical analysis in the Governor's Office makes for economy and efficiency on the part of the large spending agencies of the State, irrespective of any authority possessed by the Governor to use coercive measures to enforce economy. The results of this supervision are indicated for example, by the financial operations of the State hospitals since the beginning of the present appropriation year. A summary of the results indicated in the reports from these institutions shows that each of the five hospitals had a surplus in its operating funds on November 1, 1922. It is believed that these institutions instead of requesting deficit appropriations at the next session of the General Assembly, as has frequently been the case heretofore, will have a substantial operating surplus to apply on the expenses of the next biennium.

The submission of classified monthly expense statements to the Governor's office by the state institutions also makes possible a study of these expenditures at regular periods on a per capita or unit cost basis. By this means comparative data is being obtained as to the relative efficiency with which institutions rendering similar services to the state are conducted. For example, unit cost comparisons are made at regular intervals of such groups of institutions as the state colleges, the normal schools for women, the state hospitals, the tuberculosis sanitoriums and the various penal and reformatory institutions. Copies of these analyses are sent to the heads of the respective institutions and their attention is specifically called to any items of expense which seem unduly high as compared with the cost at other institutions rendering a similar service.

The practical value of these comparative studies has already been demonstrated by the disclosure of the wide variations in the cost of similar functions as between certain institutions which should operate at substantially the same cost. By means of these analyses it is possible to indicate the items of expense which are excessive and thus facilitate inquiry into

the causes of and methods of rectifying extravagance and inefficiency in administration. The transmission of these comparative figures to the officials of the institutions involved is usually sufficient to bring about an effort toward increased economy and efficiency.

In the preparation of these per capita cost statements careful attention is given to all factors which might affect the comparable value of the figures. Until within recent months for example, no accurate reports have been made to the Governor's office of the value of institutional products consumed by the institutions which produce them. In the case of the state hospitals and certain of the reformatories which operate large farms, the value of such products amount in the course of a year to many thousands of dollars. The annual reports of these institutions have usually contained a statement of such products, but as each institution used its own basis of valuation the results have not been comparable and the total values indicated have, as a rule, been materially in excess of the amounts which would have been realized by selling the supplies on the open market.

With the inauguration of the monthly reporting system it was realized that a comparative cost study of the institutions to be accurate must include the value of supplies produced and consumed by the institutions as well as those purchased on the open market. Unless this adjustment was made it was apparent that an institution with only a limited acreage of tillable land would be placed at a disadvantage when its per capita cost for such an important item as food was compared with the cost at another institution operating, largely with institutional labor, a much larger and more productive farm.

In order to provide a more accurate basis for studying the per capita costs of the various institutions, a complete list of food and household supplies produced and consumed by these institutions was prepared by the Director of the Budget after consultation with the heads of the various institutions. This list was then submitted to the head of each institution with a request for his opinion as to the unit price which should be assigned to each article included in the list. With

this information as a basis, a uniform price list for institutional products was adopted and a copy sent to each of the various hospitals and reformatories with instructions to compute the cost of all food and household supplies produced and consumed each month, at the prices shown in the list, and to enter the total under the appropriate classifications in the monthly report. It is thus possible to ascertain from the monthly reports an accurate statement of the value of food supplies consumed at each institution as well as to compare the net financial returns from the operations of the various institutional farms.

It is contemplated, of course, that the uniform price list will be revised from time to time as market conditions warrant.

The material collected by means of our monthly budget reporting system serves the added purpose of providing needed data for intelligent consideration of the biennial budget estimates of the various institutions and departments. When the requests of these agencies for appropriations are presented in the closing months of this biennium, we will have on hand data which will indicate with reasonable accuracy the amount which should be allotted to each institution to enable it properly to carry on its necessary activities. Heretofore no detailed analysis has been possible of the operating expenses of the various institutions because no statement of their expenses for any given period was filed with the Governor a sufficient time in advance of the preparation of the budget to admit of any detailed study of unit or per capita expenditures. This lack of essential data resulted to some extent in certain institutions securing relatively larger appropriations in view of their needs than others in the same class. The detailed data prepared for each institution by the Director of the Budget under our present system will prevent a recurrence of these inequalities and insure the distribution of the state's revenues to the large spending agencies on a more scientific and impartial basis.

A careful and unbiased study of the workings of the Virginia budget system will, I am confident, show its many advantages, and will, I believe, be of real help to some of our

other states where genuine efforts are being made to institute better business methods and to bring about greater economy and efficiency in the public service.

I thank you for your attention.

GOVERNOR HYDE—I am sure we all appreciated the very scholarly address on the subject of "The Budget" by Governor Trinkle. It reminded me very much of my message to the last legislature. Both parties in Missouri promised a budget. I recommended one. We proposed a budget bill but it was rejected. It seems in Missouri they do not want a budget, and I personally don't know how to force them to have a budget, and for the next two years, not being permitted under the constitution to wear that proud title of "ex" I suppose we will get along as best we can without it.

An illustration of what I mean was presented by one of our reformatory heads. The man in charge of the reformatory was Colonel Blakely, a very conscientious and religious man. He had permitted some things to occur that were regarded as minor infractions of the law; some of the boys had done some things that were not just right, and I transferred him to a higher position on the penal board. The newspapers got after the Colonel because of these offenses against the law and I interviewed him to find out what the trouble was, and with very great earnestness the Colonel leaned across the table and said, "I want you to know as long as I was running the Boonville Reformatory I ran it as nearly as I could on the principles of Jesus Christ without being a damned fool." That is the way we propose to run Missouri during the next two years.

The next subject is a very attractive one to me. "America Adrift." I know she is drifting all right, but I don't know where. If I knew I would go and grab her back and anchor her. We will hear from Governor Olcott of Oregon.

AMERICA ADRIFT

GOVERNOR BEN W. OLCOFF of Oregon

Mr. Chairman and Governors and Ladies and Gentlemen: I have had the pleasure of attending three of the last four

Governors' Conferences. This is my last one, because I joined the ranks of the "ex's," together with our good looking cowboy Governor Tom Campbell and a few others scattered around these United States. That was made possible in a way by the Democratic landslide which seemed not peculiar alone to Oregon. It seems pretty well disseminated throughout the United States, made possible by the spirit of unrest which seems to be all over the country, together with the vexatious question of taxation, which in our state all of two-thirds has been voted by the people under our famous initiative and referendum, but they seem to refuse to share their responsibility in that and have joined in the great American game of passing the buck.

The subject I am to discuss tonight under the caption of the title which has been commented upon, "America Adrift," deals with the Ku Klux Klan, and a school bill which was initiated and passed in the state of Oregon, called the Compulsory School Bill. Oregon is the first state in the Union to have allowed such a bill to become a law, and I find here in the east in the various cities I have visited since coming here, Boston, Philadelphia, New York and Chicago, a great deal of interest manifested in that bill. I have been surprised since I came here. Several of the Governors have asked me if we have the Ku Klux Klan in Oregon. I will say we have. We have a lot of them out there, and as a preface to my paper I thought for a better realization of the subjects I am attempting to treat that I should give a brief resume of the history of the Klan in Oregon, in fact I have been requested so to do.

I have been in conversation with several of the Governors and they have expressed the opinion that I was only aiding the Klan in their organization and in their work by giving them publicity. The answer to that, in my mind, is that in Oregon we have tried both ways. We commenced to hear something of the Klan out there about two years ago; no attention was paid to them; they were rather ridiculed, not taken seriously, as you people in the east are not taking them seriously, but the time is coming when you will have to take them seriously, because they and this school bill which

I will tell you about is going to be a subject that will engage your serious attention—the serious attention of the citizens of every state in the Union before it is ended.

Oregon is a large state in area and a small state in population. We have less than a million people. The population there, it has been boasted of for years, comes from the pioneer stock that wended the long trail, the Oregon Trail, the most historic trail in the history of the world, and the descendants live in Oregon and we have boasted of the pioneer blood, and that a lot of the "isms" could not find root there. We have no so-called catholic menace in Oregon; the catholic population is comparatively small; we have no so-called jewish menace in Oregon, because the jewish population is also comparatively small. Some of the best citizens and the most farseeing and forward looking citizens of our state are catholics and jews. We have no negro population there, only a total of about 1,800 negro votes in the whole state of Oregon.

The thought I am trying to advance is this: if the Klan can do all they have done in Oregon, in a state so far remote from the end of the immigration trail; what can it do on the Atlantic seaboard?

We woke up one morning in Oregon and found the Klan had about gained the political control of the state. Practically not a word had been raised against them. So much for that way of treating the subject. In fact they had become so strong that the metropolitan papers of the state said not one word against them. The subject was brought to a head when the executive office last May issued an official proclamation calling the attention of the people of Oregon to what the Governor of the state of Oregon considered a most serious situation, and from that time the fight has been on. I understand that is the only official proclamation that has been issued by any Governor, and for a proper appreciation and a proper understanding of the things that are to follow I think it proper to read from that proclamation, issued the 13th day of May, 1922:

STATE OF OREGON
EXECUTIVE DEPARTMENT

SALEM

PROCLAMATION

Dangerous forces are insiduously gaining a foothold in Oregon. In the guise of a secret society, parading under the name of the Ku Klux Klan, these forces are endeavoring to usurp the reins of government, are stirring up fanaticism, race hatred, religious prejudice and all of those evil influences which tend toward factional strife and civil terror.

Assaults have been committed in various counties of the state by unknown, masked outlaws, the odium of which has reflected on the Ku Klux Klan. Whether or not these outlaws were connected with that organization is immaterial. Their vile acts demonstrate that the name of the organization may be used for evil purposes and that from the nature of its activities it has the moral effect of causing unthinking and misguided persons to enter into unlawful conspiracies and to perpetrate unlawful deeds.

In a sister state this same organization is under judicial inquiry as a result of felonious assaults and unspeakable outrages committed under the veil of darkness.

Oregon needs no masked night riders, no invisible empire to control her affairs. Our courts of law, our law enforcing officers, our whole machinery of government are founded on the fundamentals of true American citizenship and are second to no other state. Star chamber proceedings, dark conspiracies behind closed doors, are all foreign to our first government's principles. Danger lurks when masked men parade the streets on missions of a character known to none but themselves. Officers of the law can have no knowledge of the identity, character or aims of individuals who conceal their features, whose oath of allegiance to some private organization holds away in their minds, and whose motives are uncertain and unknown. Even the sanctity of our various churches is no proof against their invasion in disguise.

By virtue of the authority in me vested by the constitution of the State of Oregon to see that the laws are faithfully executed and enforced, I hereby call upon all law enforcing arms of the government, including judges of the courts, sheriffs of the counties and any other law enforcing officers whatsoever to guard carefully against any infraction of the law, to insist that unlawfully disguised men be kept from the streets, and to prevent further outrages and maraudings such as have occurred in some of our own communities and in the State of California. I particularly cite Section 2046, Oregon Laws, as a statute to be strictly enforced. The time has come to determine whether our state government shall maintain its orderly way, controlled by the voice of all of the people, or whether it shall be turned over to some secret clique or clan, to be made the tool of invisible forces, working in the dark toward aims unknown to others than them-

selves. The true spirit of Americanism resents bigotry, abhors secret machinations and terrorism and demands that those who speak for and in her cause speak openly, with their faces to the sun.

I call upon all loyal citizens of this state to give support to the proper law enforcing arms of the government in this movement against masked riders or cloaked and disguised figures who unlawfully skulk about on secret missions for unknown ends.

If masked men are premitted to roam promiscuously at large it will not be long before our wives and daughters will know no safety, our homes will no longer be our castles, and the streets will be scenes of disgraceful riot. These practices must cease if there is law in our land and true Americanism is to prevail.

IN WITNESS WHEREOF, I have hereto set my hand and caused
the seal of the State of Oregon to be hereunto affixed
this 13th day of May, 1922.

By the Governor.

Secretary of State.

Governor.

The outrages of which mention was made therein occurred in Jackson county, a county in southern Oregon, bordering the northern California line. There was a man, a business man, a prominent man of the city of Medford, a little city of six thousand people, taken out and hanged, suspended by the neck three times, let down each time; the last time they kept him suspended so long that life almost became extinct; one of these men had to remove his mask and gloves to help restore this man to life; they thought they had killed him.

They took a negro who had just served a short term in the county jail for chicken stealing—took him out and suspended him in like manner, fired a dozen shots near his feet and told him to get over the mountains into California and stay there.

The Government investigated these outrages, sent in secret service men and I received a letter from the Attorney General of the United States stating that they could not prosecute under any federal statute. I asked him for the evidence they had collected and called into conference our State Attorney General and requested him to proceed. He had a special grand jury impaneled and an investigation made, with the result that seventy indictments against prominent Medford and Jackson county citizens were returned, all undoubtedly members of the Ku Klux Klan. They returned about fifteen additional indictments, John Doe in-

dictments, and we are holding those in abeyance to serve on parties when they can be reached. We have never been able to get a trial, for the reason they have fought for a postponement and have been successful. Since coming here I received a wire from my secretary stating the cases had been finally set for next January, after my term of office had expired, they thinking no doubt the cases would then be dismissed. However, I have provided against that and the cases will be tried.

I have a letter in my possession here written by L. I. Powell, the King Chief. The letter was dated November 8; our general election was November 7. The Ku Klux Klan, on account of the fight I waged against them, and I waged it practically alone and unaided, fought me bitterly in the primary election. I was successful in the primary election. They continued the fight in the general election, and they were a material factor in the result.

Mr. Powell, a few days before I left Oregon, caused to be published in the papers of Oregon the fact that he was removing his office from Oregon to Washington for the purpose of continuing his activities with the Klan and enacting there the school bill, which has torn Oregon in two.

Before I forget I want to say in the last campaign in Oregon it was circulated very assiduously and very industriously all throughout Oregon that I was a Catholic, that my wife was a Catholic, that our three little children were in a convent school in Salem. That was one of the hardest things I had to combat in the campaign, and all the Republican speakers were requested by the county executive committees to make it plain that I was a Protestant, that I had no church affiliation, that my wife was an Episcopalian and that my children went to the public schools in Salem. I believe two-thirds of the people of Oregon, despite all we could do to offset the malicious lies told by the Klan, believed I was a Catholic, simply because I had wanted to be fair to the Catholics as I have to everyone.

A commonwealth, or a nation, being but collections of individuals are swayed by the same passions which sway individuals. They are subject to hopes and fears; they feel

grief, become ecstatic with joy, and rise on the rungs of the same ladder or fall from the same precipice as the individual. In the days of the despot the fate of a nation was more closely linked with individual caprice than in the days of a republic. It long has been an axiom with political observers that no government was as beneficial to its subjects as an absolute monarchy, providing the monarch was a benign individual, actuated only by motives leading to the betterment of his people. The inverse is true—that no government is as bad as an absolute monarchy when the monarch is a despot and his rule is a tyranny.

Because the tendency of a long line of absolute monarchs is degeneracy, time alone is needed for downtrodden subjects to assert their might. Righteous causes must prevail and on the failures of the past, arose our young republic, secured in its virility.

Our forefathers gave us a strictly representative form of government, guarded by checks and balances, evenly distributed to keep down the passions of the mob and to ward off the cold, calculating schemes of the crafty politician.

Wisely they separated the church from the state and insisted upon a broad degree of freedom for Will and Reason.

With uncanny prescience they dipped into the future and guarded as best they knew how against isms, public passions and prejudices, the whirlwind sweep of the mob mind which, if untrammelled, might tear down in the single night the constructive work of a century.

The men who framed our constitution were students of history. Not a word in that immortal document but was weighed in the delicate scales of thought and placed with nicety in its own peculiar niche. Amendments to that constitution were possible, but only through a laborious process which insured ample time for thought, for the cooling of passions and prejudices before final action was taken.

It must be remembered that our forefathers who drew up the constitutions were essentially English; that some of them may have had ancestors not far removed who had either served as Cavalier or Roundhead; who had thrown their fortunes in with the cause which lead to the beheading of a

king, or had taken up the sword under the Lord High Protector. These men knew what religious strife meant. They knew that their mother country had gone through centuries of disturbance because of it, centuries of disturbance which led to the civil war that carried England to the brink of the abyss. They knew that the civil war had forced a king to the block. They knew the reaction from the civil war had caused the bones of the Lord High Protector to be torn from their grave, and desecrated by the angry counter-revolutionists.

They knew something of the Star Chamber, the Inquisition and all of those iniquitous forces which had been called into being to satisfy hatreds generated by religious fervor.

Because they knew those things, they insisted that religion be banished forever from our political councils, and that we be made a nation free from those internal entanglements which had led other civilized nations to the brink of ruin. They knew those entanglements would do the same for us if we allowed them full and untrammelled sway.

Some of our states have stepped away from the lines laid out by our forefathers, and their constitutions have been so changed as to remove the checks and balances, to throw into the public arena questions of grave import to be gnawed as bones and too often to be swallowed without mastication or assimilation.

Whither are we drifting? Is the nation to be drawn with the tide into the troubrous whirlpools of discontent, buffeted from one rock to another; swirled in the eddies of fate? Or can it back water and face about up stream, to regain that solid and firm anchorage which will keep it secure against the stress and storms of time and eternity?

In Oregon we have had an example of what may become a national crisis. We have seen the injunctions of our forefathers disobeyed; we have seen class arrayed against class; neighbor against neighbor; we have seen families divided; communities split; we have seen cities where for years nothing but peace and amity had existed between neighbor and neighbor torn into contending factions, where men went armed with guns, where deeds of violence were perpetrated under the guise of law enforcement, and where all had once

been peace, harmony and trustfulness, turned into suspicion and hatred.

Are these things to spread, or are they to die under a resurrection of common sense? Is the heart of America to be true to first principles, or is it to beat to new and strange ideals and follow false gods to destruction?

Do not mark me as a calamity howler. Do not get me among those beings who see an Indian behind every bush and a ghost behind every tombstone. But I have seen enacted in some of our communities those things which I would like to see banished forever, and which I hope may reach to no other state, although I fear they already have. I have read statements from the men indirectly responsible for those things that they intend to carry their propoganda further until it reaches into every town and hamlet of the nation. Will America permit this, or will America seize this serpent and throttle it in its infancy?

When I refer to what I consider one of the gravest menaces ever confronting our national or civic life I refer to the Ku Klux Klan.

This organization boasts that it is founded on American principles. It holds the lure to its prospective members that it is 100 per cent American; that it stands only for those principles embodied in our constitution; that it has one object, and one alone to make a greater America; to make a finer manhood and a purer womanhood; that it deifies good citizenship and abhors bad citizenship; that it stands for all that is right and against all that is rotten.

We glory in any organization that stands for those things.

But we find wherever the Ku Klux Klan has raised its head and become an integral part of the citizenry of a community it has come like the blight. It has developed those prejudices I already have cited; it disrupts communities; it ever turns brother against brother, and leaves in its wake a trail of dissension, strife, bitterness and rancor, that is far from American.

Americans never have been in the habit of hiding their faces behind masks. The men who wintered at Valley Forge may have been compelled to swathe their bleeding feet in

gunny sacks, but history does not record that they concealed their faces from the wintry blasts or from the British soldiery. The man who stands in the halls of Congress to assist in the enactment of our laws turns his face to the full gaze of an American audience and says what he thinks.

The highwayman, the bandit or the thug uses the mask to shield his identity, that his infamous deeds may not find him out and undo him.

It is not so much what this organization itself does, perhaps, as what it leads to. Unthinking, ignorant, bigoted and inflamed persons have committed grave crimes behind the name of the Ku Klux Klan. Are not our papers full of denials on the part of officers of that organization that they have countenanced or permitted this raid or that outrage? What sort of an organization is it that must forever stand upon the defensive against the acts of people outside of its pale, who masquerade as members of such organization?

It is not what this organization pretends to stand for that counts. It is the wreck that follows in its wake.

I read no brief against a great body of its membership, that has entered it in an idle, or a deluded moment. But men of sense and patriotism should withdraw when they see in what direction it is leading us and to what depths it may drag our nation.

In Oregon we have just enacted into a law a bill known as the Compulsory School Bill. The purpose of this bill was to compel every child between certain years to attend the public schools.

It may be remembered that Oregon already had one of the best compulsory school laws in the land. Under it every child of certain years was compelled to attend school, either public or private. Under it no private school could operate unless it operated on certain well defined standards laid down by the state superintendent of public instruction and the state board of education.

The name of the law was a misnomer. It was intended to deceive. The percentage of illiteracy in Oregon is comparatively small, and the standard of its schools, both public and private, constantly being raised. Children could not evade

education, nor could their parents evade it for them. There was no necessity for a compulsory school bill, and as a result those who advocated the measure must have been actuated by other motives than the mere motive to compel attendance at school, the ostensible motive of insuring to every child a primary and grammar grade education. These already had been amply provided for.

The theory of the newly enacted law seems splendid at first blush. But this bill Russianizes the state, it deprives the parent of practically all rights of education over his children. It is the supreme effort at injecting religious hatred and feuds into a commonwealth that for three-quarters of a century has boasted of its pure Americanism.

Let other states beware. This compulsory school movement, so-called, is not confined to Oregon. Oregon is the experimental station, the spawning ground for a similar crop of bills. Its success in Oregon means it will be tried in other states. Already its enactment has been attempted in a few, only to meet with disastrous failure. But here it has been stamped with success and it gives its exponents new courage to step out into new fields. A sister state is the first avowed objective of the backers of this movement, and efforts will be made to make the movement nation-wide. L. I. Powell, the King Kleagle of the Oregon Klan and chief of the propagation department for the Pacific Northwest, only a few days before I left Oregon announced through the press that after his victory in Oregon he was moving on to Washington to Ku Klux that state and secure the passage there of a compulsory school bill identical with the one foisted on to Oregon.

Everywhere this movement goes you will find strife. Everywhere an effort is made to Russianize the school system of a state, you may expect that state to be damaged to a great extent. No other result can follow. This movement is founded on bitterness and hate, these two forces never join but they give birth to grief and trouble and woe.

This bill no doubt will be declared unconstitutional. But it has done a great share of its damage. It has caused hatreds which may not be ironed out during this generation. Already,

I am told, leading and prominent citizens have taken steps to dispose of their holdings in Oregon. It will prevent high class people from coming into Oregon and becoming a part and parcel of Oregon life.

Perhaps these things are bad advertisements for our state. Perhaps it is not good policy for me to repeat them here. But they are facts which should, for the good of our country, be told and should cause every other state to pause before it permits a repetition within its own borders of what has happened in Oregon.

The Ku Klux Klan was not openly responsible for this bill. The measure was circulated and placed on the initiative ballot by a few Scottish Rite Masons, actuated by narrow prejudices. Many leading Masons, including past grand masters of the order, denounced the bill in bitter terms. But it was the Ku Klux Klan that eventually made its success at the polls possible. The Ku Klux Klan worked secretly, but effectively in behalf of the bill and its passage by the people was secured by a generous margin.

The parochial schools which were attacked by this bill are not so much the question. The private schools supported from Protestant sources do figure so prominently. But the principle involved is vital to the future welfare of our nation. If this sort of a thing is persisted in, it can eventually lead to nothing but religious civil war. That may be a harsh thing to say, but I believe it and feel it.

I want to say that the men who are agitating these questions, who are responsible for these conditions, are sacrificing the welfare of their country upon the altar of their own petty passions and prejudices.

Sad as it may seem, there is no public string so easily played upon by the bow of the shrewd manipulator as the string of religious prejudice. No smoldering ember may be so quickly fanned into a deathly flame. It is the history of centuries that the crafty, manipulating evil genius of politics has used this prejudice and molded it to his own uses. What meant it to him if dynasties rose and fell by this manipulation; if thrones were wrecked; if nations were thrown into the travail and bloodshed of internecine civil strife; if thousands

perished on the block or under the faggot, as long as his own designing ends were served.

Underneath all of this talk of Ku Klux Klan, this band of white-robed mystics, slumber the coals that may be fanned into a destroying heat.

I have been frank in my declarations about this organization. The things I have said I have said out of my heart, because I trust our nation—my nation—will call a halt before it is too late. The rumblings are heard on every hand; east and west and north and south. I challenge this organization to stand out in the open; to rip off its mask; to appear in the garb of every day citizenry. Let it speak its speech out in the open. It is largely a political organization, founded for certain objects and purposes. Let it be specific. Let it throw down its gage of battle in the open lists, so the tournament may be found under the eyes of all mankind. But above all, let those men who make up the rank and file of this organization reflect that they are American citizens. Let their minds revert to the Argonne or Chateau-Thierry, where Catholic, Jew, Negro and Protestant fought side by side against the guns of the common enemy, where the Catholic turned to aid his fallen Protestant comrade and give to his dying buddie a drink of water; where the Jew fell dead under machine gun fire, and his body dropped over the inert body of his brother Protestant.

Let the men who make up the rank and file of this organization reflect on some of these things before they go headlong on their course.

Out in the West we have a deadly menace, brought to us from the Orient. It is the menace of the narcotic; the narcotic that saps the physical vitality; that sears the brain; that tears down the moral fiber and turns the strong man into the shriveled sniveling wreck of his former self. It turns the honest man into the thief; the patriot into a traitor; the mother into a harlot and the maiden into a woman of the street. It has no pity, it plays no favorites. Once a man or woman gets into its clutches, it is from then on a long, weary road through the shadow of disgrace down to the grave of a felon or the pauper. This menace blights the soul; desecrates the temple of man and withers the flower of youth.

We have been having a death grapple with that monster, and Oregon in the vanguard was driving it out of the West and the nation, when like a ghastly spectre this new menace stalked across the stage.

May the nation avoid the intoxication of this other narcotic menace, that it already has fallen like a blight into some of our communities; that has seared the civic soul, and torn down the political moral fiber. That has made men dream dreams that they were patriots, when in fact they were demoralizing their country. That has made men dream dreams of might and power, forgetful of right and duty.

Thank God it is not too late to retreat. All Americans are brothers. May they clasp hands in that brotherhood, with a clasp that can never be broken. I thank you.

GOVERNOR HYDE—I am sure everybody has been profoundly impressed by this wonderful discussion of the situation by Governor Olcott, which we all feel is a problem that must be met in some way. The program is now open for general discussion. Is there anyone who desires to add anything to that or ask any questions or make other comment? If there is nothing further, before we adjourn Mr. Riley desires to read a communication.

MR. RILEY (reading):

December 14, 1922.

To the Governors in Annual Conference Assembled:
Gentlemen:

Near-East Relief believes that "an ounce of taffy is worth more than a pound of epitaphy." Hence, I have asked the privilege of saying Near-East thanks you not only for your generous personal gifts, but also for your proclamations, appeals and hearty co-operation in helping care for one hundred and twenty thousand fatherless, motherless, homeless boys and girls rendered such by no fault of their own.

Near-East Relief in the name of one hundred and twenty thousand orphans thanks each and every one of you for what you have done and may do in saving life and bringing these children to self-support.

Cordially yours,
(Signed) ANDREW MELROSE BRODIE,
National Representative.

GOVERNOR HYDE—if there is nothing further, the meeting stands adjourned.

GOVERNOR MORRISON—Mr. Chairman, Governors and Ladies: Before we adjourn, I believe with your kind indulgence I would like to say something about two matters that have been discussed.

I am not in harmony with the utterances of Governor Parker of Louisiana or the utterances of Governor Olcott who has just addressed you, although I believe I am as much opposed to the Ku Klux Klan as either of them. But, Governors, if there is any danger in this Ku Klux Klan organization, according to my information about it, it is in the race animosities which it is about to awaken in our country and in the religious intolerance and persecution which it may awaken in our country. Neither of those eventualities can be averted, gentlemen, by law, and the history of all the suffering we have had upon this earth from both affairs teach us those truths.

I dislike to talk about this because it is a very delicate subject, but I really felt embarrassed because I could not sincerely join in the applause to the very eminent and well prepared and I know sincere addresses delivered by these two great Governors, but, my friends, I feel that this organization is a terrible menace to the peace and happiness of our country, which we have enjoyed under the conceptions of religious liberty handed down to us from the fathers.

This organization is not very dangerous, gentlemen, from the standpoint of lawlessness. I have been watching it very closely in my state. In my inaugural address the first thing mentioned in my suggested program for the continued prosperity and development of my state was law enforcement. I probably have used state troops at more places and oftener in trying to uphold the law than any Governor ever did in the same time. They certainly, since I have been Governor, have executed more people down there who were sentenced to pay the death penalty than they ever did before in the same length of time, and I have been using all of the power of Governor in my state to enforce all the laws; but, gentlemen, I haven't been able to find out where the Ku Klux Klan is committing any deeds of violence and villainy.

While I never saw a man who would own that he was a Kluxer, I do know that its membership in my state is of as

good citizenship as reside within the state. They are not criminals, though I think they are making a most serious error in joining this secret organization, dedicated to good purposes as they see it, and their principles are believed in probably by a vast majority of the citizenship of this Republic; but they are doing a great many good things down there that you gentlemen don't mention, and I know they are in your states. They stood by me in a mighty crisis in the enforcement of law in my commonwealth. A man of wealth, of distinguished family connections, who resided in the city of Alabama, was shot down in my state in what was as cold-blooded deliberate murder as ever stained the name of the state, and the murderer was convicted and sentenced to die and there was a mighty storm about it in the state. He finally did die; I couldn't find any reason in the world to save him; he was a Mason, and the past grand master, I believe they call it, wrote me a most beautiful letter about how he thought I had discharged my duties. The condemned man, as I say, was a Mason and there was evidences of great activity from that order to save him. I got a letter from this past grand master telling me I did right, that he was sure that when the members of the great order to which he belonged knew the facts they would approve my action.

I noticed the other day the statement of a doctor in New York who said that the man who wrote me that letter was the head of the Ku Klux Klan in my state. That was his idea of secret ties, in these secret orders as manifested to me in a private letter upon my conduct in letting a member of an order to which he belonged die, and I don't believe there is a finer man in my state than Judge Grady.

My friends, we are not going to stop this thing by unwise and rash efforts to outlaw it; we can't do it. This is a free country. We may declare certain things that they are doing, Governors, to be illegal things, if the various states desire to so declare and you may enforce that law, but you can't say that an organization like that can't exist in this country and destroy it by law; that is my own judgment. I know my fine friends, the two Governors, will excuse my disagreeing with them; I know how they feel about it. I was about to make a proclamation like Governor Olcott made, but

there occurred to me this question: What have they done, except to take a name which in the earlier days of this country used to mean business down our way? But when I undertook to find something they had done contrary to law, I couldn't do it and haven't been able to do it yet, but they are doing a great many benevolent things down there that have not been mentioned.

One of our old colored men down there shot a good citizen for \$500 after stealthily slipping into his home. The jury convicted him and sentenced him to die. Appeals were being made to me not to let him die, because of the fact or supposed fact that he had been hired to kill the man, and that the parties who hired him had escaped. I looked into the matter, and I thought the old man must have been crazy to have killed this man for \$500, and in fact he only got \$2.50—shot him as he slept, and there was great excitement about it. I appointed a committee to examine this old colored fellow as to his sanity and they reported to me that he was absolutely insane and irresponsible for his acts, and the Ku Klux Klan telegraphed me from all over the state to commute the sentence and congratulated me after I did it. And yet, my countrymen, if you think it means what the effects which follow it everywhere seem to indicate, as night follows the day, it is a challenge to religious intolerance and race intolerance in this free Republic of ours, that should be met face to face by argument, not by a threat of legal destruction. If this organization means to try to create religious intolerance and race intolerance and disrupt our peace and happiness and womanhood and brotherhood under which we have grown so great and strong, you can not think it a greater menace to the happiness of this Republic than I, but you will never destroy it by mere fiat of law. It must be met with argument and we must call this country back to the greatest blessings of any people, of absolute religious liberty, the right to worship God according to the dictates of our own consciences, and we must meet these mistaken fellow countrymen of ours in fair debate and not with injustice and must rather seek to demonstrate to them the error of their way; and, if we do this, I believe that love of religious liberty and the blessings that we have had from it will be so understood.

by our people that we can route the Ku Klux Klan in this Republic, if it stands for these principles.

Now, as to the whiskey business, I didn't like to sit there—

GOVERNOR KILBY—Governor, how would you meet these men who are masked and organized in secret? How would it be possible to argue with masked men?

GOVERNOR MORRISON—Well, highwaymen are masked and the officers know how to deal with them. I would beg them not to do it and I do do it down in my state.

GOVERNOR KILBY—You said you would meet them face to face and argue with them. I was wondering how you would do that.

GOVERNOR MORRISON—Well, sir, Governor, if you want to pass a law in your state against holding a march you can do that. It would be unconstitutional. But the trouble is this: that might inconvenience them a little, but you are wrong in thinking that that is the proper course.

GOVERNOR PARKER—Do you think it would last a week if they unmasked?

GOVERNOR MORRISON—I do, sir. I think the mask hurts them. I think the strength of that thing lies in the fact of undertaking to organize the Protestants of this country against the Roman Catholics, and you can't stop it by law, and if you take the masks off—why they don't wear the masks and robes except in their marches, and anyhow their masks don't amount to anything. It's the secret about it that may fascinate a few. I look myself, Governors, for them to voluntarily soon throw off the mask, throw off the secrets and boldly unfurl the flag of religious intolerance and race persecution in this country.

GOVERNOR OLcott—You made mention, or it has been mentioned, that we should meet these klansmen face to face and that these subjects should be discussed from the pulpits of our churches. In Oregon in one of our pulpits the minister himself is a member of the klan, a kleagle in the klan.

GOVERNOR MORRISON—Exactly, and that is his freedom as an American, and you can't stop him from being a kleagle, if this is the much boasted of "home of the brave and land of the free." We haven't any right to suppress religious persecution and intolerance that way. I don't want to talk a long time, Governors, but I was embarrassed to sit there and hear these subjects discussed in a way that I could not agree with. It was given out in the papers that Governor Parker was going to call on me and the other Governors in a united effort to break the Ku Klux Klan and the New York papers wired me about it, and I say to you if it gives us any trouble in my state, we can handle the situation, and I think any united effort here to break the Ku Klux Klan and go to Washington and undertake to annul it, is all bosh, and it can't be done, and that we shouldn't pass any resolutions.

GOVERNOR SPROUL—Governor Morrison, this organization doesn't pass resolutions of that kind. We can't do it under our rules.

GOVERNOR MORRISON—Yes, sir, I understand, Governor. Governor Parker can fight the Ku Klux Klan in Louisiana in his own way and the Governor from Oregon can fight it in his own way. I think we have arrangements in North Carolina that if they commit any such atrocities as you gentlemen say they commit in your states, we will put them in the penitentiary and let them stay there.

GOVERNOR OLcott—That is what I have been trying to do.

GOVERNOR MORRISON—Yes, sir, and I expect you will do it from what you said. You said the cases had been continued and would come up in January, and I expect that is about what you will do.

GOVERNOR PARKER—How are we to identify them if they are masked, is what I can't understand?

GOVERNOR MORRISON—How do we identify any people? I don't believe the Ku Klux Klan as an organization approve of such atrocities. I am afraid, gentlemen, somebody will think I belong to it directly, if I keep on. I don't know,

Governor, but I do know this, that I don't believe they stand for the commission of these atrocities and outrages, but this religious excitement and prejudice excited by them may incite some fool to do it in their name, but I don't believe as an organization they do it.

GOVERNOR PARKER—I stated unqualifiedly and unequivocally that in no manner whatever in my state had they ever raised a finger to help discover those who were guilty of these crimes and in any way assist in bringing them to justice.

GOVERNOR MORRISON—Don't make me defend them too much, Governor. I don't know what they did in Louisiana, but you will have to run your state the best you can. It is all I can do to attend to North Carolina. What I don't want to do is to go into any common arrangements with the Governors to try to suppress this thing, which, if there is danger in it, is dangerous because there is an effort to organize an organization in the states based on religious differences, and if that is its purpose, you can't stop that by law. You have got to stop it with American principles, the old fashioned principles, and you won't stop it any other way, and in my judgment you are only agitating it by trying to suppress them in the exercise of their legal rights rather than stopping in any way their activities.

Then Governor Parker made a wonderful speech about the Ku Klux Klan, but said there was another lawless crowd in this country that we ought to surrender to, bag and baggage, the liquor people.

GOVERNOR PARKER—I beg your pardon, Governor. I didn't say that.

GOVERNOR MORRISON—You said we couldn't enforce the prohibition law; that we had tried it for four years; that it was a farce and a failure, and that it was demoralizing. You were worse on that than you were on the Ku Klux Klan. You were terrific about the demoralization which had resulted, and the only argument I heard you make was that we couldn't enforce it and your argument was that we should surrender to them. Why, you wanted light wines and beer.

The argument seemed to be that if you would give a fellow a little wine and a little beer he would not care so much about the law against a little liquor.

GOVERNOR PARKER—I emphasized, Governor, why I stood for light wine and beer, because I have always stood for light wine and beer. I merely stated that almost from the Altantic to the Pacific home brew was in evidence everywhere.

GOVERNOR MORRISON—Yes, sir, you said that, but not that you had always been in favor of it, and I will say, Governor, regardless of what you said or didn't say, I really had all along suspected that you had never been a very robust prohibitionist at any time in your life, but what you said and your whole argument was that it was demoralizing, that the prohibition law couldn't be enforced and that there was no use trying it and that we would have to give it up. Why, my dear Governors, if the President of the United States asks us to meet in a convention to confer with him about enforcing a law, which it is made concurrently the duty of the nation and the states to enforce, I shall esteem it an honor to cancel any other engagements I may have and go and sit there with him and the rest of you gentlemen, studying the situation with a view to trying to enforce the law, and not agreeing that inasmuch as a number of gentlemen are determined to destroy the law by violating it, that we should repeal it.

I think the prohibition law of this country is doing a vast deal of good, and I doubt if the police of the entire Republic is diminishing crime as much as the prohibition law and the difficulty about getting whiskey in this country is doing. In my state I know it's the greatest law for the upbuilding of my people, for the strengthening of the young especially as they come on, that there is on the statute books. It has been wonderfully effective, and my state was for prohibition before we ever passed this Volstead national act, and we don't want any light wine or beer down in my state, Volstead act, or no Volstead act, and we are not going to have it, unless the Federal Government takes the power away from us to prevent it.

I think this thing about passing resolutions here is out of place. We have bounced right into the Klu Klux Klan and the liquor question. I thought we came here to study state government and to learn how to enable the states to discharge their high duties to the different states and to the people under our form of government.

GOVERNOR SPROUL—May I suggest for your own satisfaction and relief, Governor, that the rules of this organization do not permit it to pass resolutions of any character in regard to those matters.

GOVERNOR MORRISON—I think the proposal of the Governor to the convention might be dangerous. That is what he said he wanted us to do, and I don't know whether you have told me that because you wanted me to know it or because you wanted me to stop speaking.

Now, my friends, I am sorry to have detained you so long, but I have thought, Governor Parker, seriously and long about both of these questions. We are enforcing the liquor law in my state. We have about five hundred of them on the chain gang down there for breaking it, and when one of the judges puts them in jail for violating the liquor laws I let them stay, and the state officers are enforcing the law so vigorously that the Federal crowd can't find anything to do when we are through with them.

I felt, gentlemen, that I was put in the position where it was necessary for me to speak on these subjects. I felt that I should say something and I was fearful that I might be misunderstood. I stand absolutely for the proposition that this organization should be met with argument.

It was announced that I would ask for a law to be passed in my state to curb or destroy this organization. I did investigate it, and a crowd of as good, as fine citizens as reside in my state walked into my office and surrounded me, and they said that I had been talking about the Ku Klux Klan some and that they had come in to talk to me about it as my friends. They said, "Governor, what do you think you are going to do to us?" They said, "We are not breaking the law." (I never could get one to own that he belonged to it.) They

said, "They are not breaking the law." They said, "Let me read you the principles for which it stands." They said, "We don't think there is a man in the state who stands more truly for those principles than you do." I said, "That may be so, but you may make a great mistake and do a great wrong by the illegal and dangerous methods employed and take a bad name for such a purpose as this and you have excited the people about it." They said, "That is all right, we haven't broken any law and you can't successfully legislate against it until something is done." I commenced to think about it, and I can't find anything to legislate about and have never found anything yet, except that we might say they can't wear the mask and there we are, and if we are going to destroy it we have got to get out and look upon it as a threat to destroy religious tolerance in this country, and stand upon the old American principles upon which Jefferson and his compeers founded the Republic, and fight for religious liberty, not with law but with argument. But in my judgment whenever you undertake to destroy it by law you will simply give it life and strength. I thank you.

GOVERNOR HYDE—Any further discussions?

The conference adjourned until Saturday morning at ten o'clock A. M., December 16, 1922.

MORNING SESSION

SATURDAY, DECEMBER 16, 1922.

GOVERNOR McCRAY—of Indiana, presiding: The Conference will please come to order. I have been honored by being asked to preside at this morning's session, and I assure you that I appreciate it very much indeed. In the first place we have with us Mrs. Parker of the *Pictorial Review* and we will hear from her now.

MRS. PARKER—Governor McCray and Gentlemen of the Conference and, I hope, Friends: Because I am engaged in the work I am, I have had to talk with nearly all the Senators of the United States Congress, and I am often referred to as "Miss Parker." A number of them have asked me what I know about marriage, and I have then had to say to them that I am Mrs. Parker and have two married daughters and therefore I am very much married.

I have to be brief and want to be, because I know your time is limited and that you have important discussions for this morning.

I don't think I need to tell any of you gentlemen of the confusion there is that is created by the forty-eight different states having different divorce and marriage laws. In the last five or ten years that confusion has seemed most pronounced, and now I think it's a wonder that marriage is ever permanent.

The woman's organization for a number of years, or I might say the General Federation of Women's Clubs, have been talking about and advocating uniform laws to be passed in the various states. I think for about the last sixteen or seventeen years the American Bar Association has been trying to get through a uniform law. However, only one state so far has enacted a law like the law we have in mind. When you realize that one state makes no requirement as to residence and some require three years residence and others six months, as a condition precedent to divorce, and that people go from one state to another and get divorces and marry and come back to the home state, which does not recognize the marriage, and that the children born by the sec-

ond marriage are not legitimate, you can see what a serious situation is created.

Just at the present we have in New York State a proposed law for the legitimatizing of one hundred children, born in New York of second marriages not recognized in that state, and now there are one hundred children that do not know whether they are legitimate or illigitimate. Whether that law will pass, I do not know. It should pass.

That is only one part of the confusion. There is hardly a day that we don't see instances of the harmful effects of this. I don't think there is any question,—I think nobody questions the fact that a wife who is the wife in one state should be the wife in every state, and the husband who is the husband in one state should be the husband in each state.

The *Pictorial Review* is co-operating in this work. Mrs. Edward Franklin White, the Deputy Attorney General of the state of Indiana, and chairman of the legislative department of the General Federation of Women's Clubs, and a woman of standing in the country, has framed a divorce bill that can never be put through without the amendment of the Federal constitution. I know every Governor is for state rights, but sometimes state's rights can be state's wrongs; but at the same time the state should have certain rights.

The bill, as we have framed it,—I had nothing to do with it, it was framed by a number of lawyers and Senators and Mrs. White, is a sort of guide embodying the points to be covered. In relation to the marriage of boys and girls, it will make the age of consent 18 and 21 and they must have the consent of the parents for the girl; many of the states have 20 and 21 as the legal age when young people can be married without the consent of the parents. Under this bill the license must be applied for ten days before issuance, and in that time there must be some publication made of the approaching marriage. They must have an affidavit of competent witnesses who know the circumstances surrounding the applicants; of course the marriage license and record will have to be recorded; the law won't permit the marriage of feeble minded or epileptics or those who have communicable disease, and the marriage of whites and blacks will be forbidden.

For the divorce law there would be five grounds, namely: Infidelity, physical and mental cruelty, desertion and failure to provide and insanity. Many object to mental cruelty. Women are not physically equal to men and as a class they are not unfaithful, but many a man's career has been ruined by a woman nagging and continuous nagging.

The law as framed has many striking features of an ameliorating nature. The law provides for personal summons if possible, and publication of summons where not possible; the defendant must be represented by his lawyer appointed by the district judge; the guardianship of the children will be equal, but the custody is vested in the mother, if she is fit. That is the general outline of the proposed law.

And, now, gentlemen, I think if you will look into the laws of your own respective states—if you will make a study of the question and read the papers nowadays, I think when the time comes for the work to be done that we will probably agree that the time has come when we must do something about unifying our marriage and divorce laws, and if any of you are interested about what others think about this I have two weeks' clippings here from every newspaper in the country; I have over a thousand clippings, only five editorials which are against it, and they are from small towns in rather remote and distant parts of the country. I thank you very much.

GOVERNOR HARDEE—Do we understand that the purpose of this organization is to back a movement to bring about an amendment to the constitution of the United States for this purpose?

MRS. PARKER—Yes sir. That is the only way it can be done, unless the states can get together on it.

GOVERNOR HARDEE—They have gotten together on other uniform matters. It is a matter in which I am interested. I took occasion the other day to say something in favor of it. The states have gotten together on other matters, and I think with a concrete sentiment back of it it is only a matter of time until the states will get in line and adopt a uniform law on this.

GOVERNOR COX—Have you the form of amendment which has been presented?

MRS. PARKER—No sir, it is not presented yet—not printed yet, but we are going to have it printed and sent to every Governor and Senator in every part of the country.

GOVERNOR ALLEN—Mrs. Parker, have you read the work, the gist of the works of uniform state laws on the subject?

MRS. PARKER—Yes, sir, I have, and I talked with a gentlemen recently and he says he has come to the conclusion it can never be put through by state laws. I asked him if he thought we could do it the other way, and he said he thought we could. He said the women have a certain pertinacity that he didn't think the men had. I agree, gentlemen, that state laws should be framed, but they haven't been able to do it all these years, and they have worked at it and the women have worked at it assiduously. The states have changed their laws. There is one state,—I know of two states, pivotal states, in which they are not very strict about their divorce laws, and all around that country there is confusion of the people; they live in one state and don't dare go into another state, because their children would be illegitimate. The idea is coordination, making marriage a little safer than today and divorce a little more firm. Of course there are people who think that divorced people should not marry again, but I don't think that is a matter of right or wrong but a matter of conscience, and is a matter that I don't think we should interfere with.

GOVERNOR TRINKLE—I want to say to you ladies and gentlemen, you are aware of the fact that just over in Virginia is located the Hot Springs, and this morning they communicated with me and requested me to extend an invitation to all Governors and their ladies to run over tomorrow and see them and be their guests tomorrow and tomorrow night. I am quite sure you would find it an enjoyable and pleasant visit, and if any of you can go please let me know so that I can wire how many to expect.

GOVERNOR McCRAY—Just to refer to the talk of Mrs. Parker, I think that was a very important subject, and I

want to commend the head of the league, Mrs. Edward Franklin White. She is a very able woman, assistant attorney general in Indiana, and a thorough student of the law, and a woman of sane and sensible ideas, and I feel when we get this law they have proposed you will find it a very plain and feasible law. We are very proud of Mrs. White, and we are glad to have her as assistant attorney general of the state of Indiana.

GOVERNOR MORGAN—You will notice on the program a buffet luncheon to be given by Mr. and Mrs. Lewis at "The Meadows" at 1:15 this afternoon. Some of you may not have seen that and I desire to call attention to it. All are invited to this luncheon, and I know all of you who have become acquainted with Mr. and Mrs. Lewis have learned to love them and will be delighted to accept of their hospitality this afternoon. Cars will leave here about 1:15.

MR. RILEY—I have a letter from Washington, from the Vice-President, addressed to Governor Morgan, which I desire to read:

WASHINGTON, December 12, 1922.

THE VICE-PRESIDENT'S CHAMBER.

My dear Governor Morgan:

Remembering, as I do, the kindness and hospitality of the people of West Virginia, it would be a real pleasure to me if I could again visit your State on the occasion of the Conference of Governors, but, unfortunately, I find it impossible to get away on the date set. I appreciate none the less the cordial invitation which you extend to Mrs. Coolidge and myself, and while I cannot accept I hope that we may sometime have an opportunity of visiting White Sulphur, of which I have heard so much.

Very truly yours,
(Signed) CALVIN COOLIDGE.

MR. RILEY—And the following telegram from Governor Baxter of Maine addressed to Governor Morgan:

AUGUSTA, MAINE, December 14, 1922.

Hon. Ephriam F. Morgan,
Governor of West Virginia,
White Sulphur Springs, W. Va.

Please say to my fellow Governors that I regret that official business prevents my attending the conference. I have informed President Harding

that I shall attend his conference on enforcement and hope to meet all the Governors on that occasion. I believe there is no greater issue before our people than that of enforcement of all laws, especially the prohibition law. If our President and the forty-eight Governors will issue a proclamation calling upon the people of the United States to uphold the constitution and laws of the country and to refrain from violating or encouraging others to violate our prohibitory laws, such a proclamation will rank with the great documents of history. You may rely upon me to do everything in my power to maintain law and order in the State of Maine, and to see to it that no invisible government, such as the Ku Klux Klan, obtains a foothold in our state. Please convey this message to the conference.

Faithfully yours,

(Signed) PERCIVAL P. BAXTER,
Governor of Maine.

GOVERNOR McCRAY—We now have the privilege of listening to our distinguished Governor Allen, who will talk on a very, very live subject. I am sure we are all glad to hear him.

THE KU KLUX KLAN, THE PROBLEM IT ATTACKS, THE PROBLEM IT CREATES

GOVERNOR HENRY J. ALLEN of Kansas

Ladies and Gentlemen and Governors of the Conference: Before I begin to discuss what I am on the program to talk about, I feel that as a member of the Executive Committee I want to express my appreciation of the delightful way in which we have been treated here, of the hospitality we have had and are going to have, and the very charming manner in which Governor and Mrs. Morgan have taken care of the Conference. We have not had a Conference anywhere in which we have been brought into more comfortable and delightful associations. I know there will be some Governors coming back here and trying to find Mr. Lewis.

In the discussion of the Ku Klux Klan, the Problems it Attacks and the Problems it Creates, I have decided not to make a speech. I heard the speech of Governor Olcott, and I was told of the discussion of Governor Parker, and I feel that they must have said better than I can say all that can be said on the subject, and I would like for this to be a rather

informal discussion, and hope you will feel free to ask questions when you want to.

We are confronting in many of our states an astonishing development of prejudice which is racial and religious. It is seeking to establish the un-American idea that we can improve conditions by turning the rights of government over to a masked organization which arrogates to itself the right to regulate the individual. It has taken the old Ku Klux Klan from its grave and revamped it for the profit of the organizers. They have set up the incredible philosophy that we require religious instruction from masked men whose characters and capacities are concealed by disguise. They have added to the old antipathy to the Catholic, the antipathy to the negro and the antipathy to the Jew.

In the South and in the Far West they have committed many crimes upon the individual, and only recently they have invaded the state of Kansas, which was builded strongly upon its respect for law and order, and have given us the shocking exhibition, at Liberty, in my state, of taking the mayor of the town by violence, carrying him to a secluded place and whipping him, because he refused to allow this masked society to hold a meeting in his hall.

They have introduced in Kansas the greatest curse that can come to any civilized people—the curse that arises out of the unrestrained passions of men governed by religious intolerance and racial hatred. By a flamboyant expression of the purity of their purposes they have attracted the support of men of standing and character who do not sympathize with the violence to which many of the more radical members of this masked government are committed. The organization is as dangerous to the Protestant as it is to the Catholic, the Jew or the negro, because it exists only when the authority of government has been broken down and destroyed. It brings chaos and hatred and menace to every law-abiding citizen who may fall victim of the private quarrels and animosities of men who hide their identity behind a mask.

In the very keenest fashion they raise the question of law and order. Men in a self-governed democracy must have a love of liberty, and this love must extend to the liberty of

others. Self-governing people must have the spirit that makes them self-controlled. If we deliberately allow this organization to take the law into its own hands, then we break down all the safeguards of society which have been builded here through the sanctity of government; we allow the beginning of a feud that is racial and religious; we justify the establishment of a quarrel that leads to group formation, makes civil war upon each other in the name of racial and religious bigotry; we destroy the foundations of society.

We teach to our young men and young women the dangerous doctrine that violence and hatred are justifiable, that mob law is consistent with freedom, that lawlessness is to be met by lawlessness, and that self-appointed guardians of other people's rights may set themselves above the sacred dignity of constitutional authority.

When any organization breeds violence either by the deeds it does or by the opportunity it presents for lawlessness, it gives to the criminal element of the community opportunities which menace us all. One of the declarations of this masked organization is, "We stand for Christianity, for the protection of womanhood, and for white supremacy." In the name of God, why do they have to be masked to stand for that? When has womanhood in this nation needed to be defended by men who work at night with their faces covered? When has any brave fight for religion ever been made by terrorists? All down the corridors of time history has been enriched by the brave Anglo-Saxon who have fought for right and for liberty, but they have never fought in the Klan's regalia. They have fought openly for the right as they saw it.

Think of Martin Luther nailing his theses to the door of Castle Church with a pillow case over his head. Think of John the Baptist standing by the roadside in the Roman province of Palestine preaching the freedom of a religious brotherhood with a hood upon his face and a terror-inspiring regalia upon his body. Think of the Man of Galilee walking His Golgotha way hooded and skirted like a circus clown. Pick up history where you will, and find me a single man who ever fought a battle for the rights of religion or of freedom

with his face hidden from those he fought. There is only one country in the world today where men go to punishment without trial and without the protection of justice and that's in Soviet Russia.

I would as soon be tried and condemned by a Soviet decree of Lenin as I would by a decree of the Ku Klux Klan handed down by Simmons of Atlanta. Listen to their oath:

"Mortal man cannot assume a more binding oath. Character and courage alone will enable you to keep it. Always remember that to keep this oath means to you honor, happiness and life. To violate it means disgrace, dishonor, death."

Think of an American promising that he will render at all times "loyal respect and steadfast support" to the imperial authority that hides behind the un-American title of "his majesty," and binds himself abjectly to obey the orders of a masked emperor.

Listen to this official document issued by the imperial wizard, notifying the Klan of an appointment:

"To all genii, grand dragons and hydras of realms, grand goblins and kleagles of domains, grand titans and fairies of provinces, giants, exalted cyclops and terrors of klantons, and to all citizens of the invisible empire Knights of the Ku Klux Klan—in the name of our valiant and venerated dead, I affectionately greet you. . . .

"Done in the Aulic of his majesty, imperial wizard, emperor of the invisible empire Knights of the Ku Klux Klan, in the imperial city of Atlanta, commonwealth of Georgia, United States of America, on this the ninth day of the ninth month of the year of our Lord 1921, and on the dreadful day of the weeping week of the mournful month of the year of the Klan LV."

Read this gibberish and think of the brave men who wrote the constitution of these United States, guaranteed it in religious liberty and the right of every man to worship according to his own conscience, and then went out and laid their lives openly upon the altar to pledge that we might have here the land of the free and the home of the brave.

Think of the pioneers of Kansas who for five long years preceding the Civil War fought the battle of freedom of this

state and wrote into the constitution the finest guaranty to liberty that existed in the land, and then think of the crowd of men who put on masks and robes and took the chief executive of an organized community out into the night, stripped him, tied him and lashed his body with whips.

Does anybody believe that we have grown so indifferent to law and order as that we shall allow this monstrous attack upon individual rights to continue? Does anybody believe that we are going to allow the disorders of the South to be transplanted to Kansas, that a lot of organizers may be enriched by the collection of membership dues and by their sale of hoods and skirts to men who have unfortunately listened to the appeal to their racial and religious antipathies?

I have directed the attorney-general to bring an action against the officials of this Klan to expel them from Kansas. They have no charter to do business in Kansas. Their charter is granted at Atlanta, and to make this incredible organization legal in this state their charter must be given the sanction of the Kansas Charter Board.

One of the difficulties which attends the carrying out of the attorney-general's order is that of finding the responsible head of this secret organization in this state. There is no other organization in Kansas doing business and boasting of its high purposes that has not had the moral decency to come frankly to the statehouse and place upon the records of the government the names of its responsible officers and to ask for the right to carry on its activities.

The essence of our opposition to this order is not in the fact that it fights the Catholic church or expresses its antipathy to the Jew or to the Negro, but in the fact that it does this under the protection of a mask and through the process of terrorism and violence.

Much human life has been sacrificed for this sacred cause. I could take you to a place I know in France, where the crosses rise row on row, and after a while we'd stand before a cross which marks the resting place of James Fitzsimmons. The record is that he was the first man of the American Expeditionary Forces to fall in that combat area.

If I had the power to reincarnate him I could say to him, "James Fitzsimmons, do you think you're a 100 per cent

American?" And I imagine he would look at me with some surprise and say: "Well, I never thought much about that. I was born in America, and when they told me that this war was for the defense of our ideals and our civilization I didn't wait for the selective draft. I hurried on to offer my life for the defense of the principles which America had adopted as her own."

If I should say to him, "You're not a 100 per cent American; there's an emperor of an invisible government set up at Atlanta, Ga., who declares that you can't be a good American because you're a Catholic," I dare say he would have said to me, "Well, they never told me anything like that when I stood with my gun waiting to go over the top."

I could go to another place I know and call from his grave another soldier, and say to him, "George Washington Mabie, are you a 100 per cent American?" And he wouldn't understand what I meant; and when I told him about the emperor of the invisible government at Atlanta who had declared that no Negro could be a 100 per cent American, he would say to me, "They never told me anything like that when I joined up at Camp Funston."

So I could go all over that place, made sacred by those who died for these purposes, and there they all are, Jew and Gentile, Catholic and Protestant, Negro and white man, rising to meet the challenge of a great cause, and fighting above the lines of religious creeds or of color or of race, giving their lives for just the things Americanism means.

Who shall say that any one of them who gave their lives fell short because of his religion?

This is not a political issue. It is not a partisan issue. It transcends the obligations of partisanship and relates itself to the most sacred cause of free government—the cause of individual rights.

No more grotesque abuse of the term "Americanism" could be used than to call this Klan organization American. Americanism is tolerant, and this is organized intolerance. Americanism is law-abiding, and this is organized outlawry. Americanism is kind and charitable and neighborly; this is organized cruelty and bigotry. Americanism is broad and

big and open and brave; this is narrow and furtive and cowardly.

Let me thank you kindly for your attention.

GOVERNOR McCRAY—I am sure we have all been very highly entertained by the discussion of this subject by Governor Allen. We of Indiana are usually very staid, and don't often get carried away with these wild fanaticisms, but I am sorry to say we must have a tremendous membership in this order in Indiana at this time, and this was injected into our election last November.

We have had no outlaws, no violations of the laws of our state. I am hoping none will occur. If they do occur, we will try and deal with them in the name of the law, in the right kind of a way. I felt like in Indiana the best thing to do was to let them alone, so long as they are not committing any infractions of our law. I felt perhaps that was the best thing to do. I am sure if we have any such outrages in Indiana as in some of the other states we will show our teeth, as well as you have shown in other states.

GOVERNOR ALLEN—I think in one of the Southern States the Adjutant General only yesterday has been obliged to call out troops to suppress some doings of the Klan, of some clash of arms between Klansmen and others. That was in Georgia.

GOVERNOR McCRAY—There is no telling to what extent this will lead if you get the people excited. That is a great problem in our respective states.

We will now go into executive session.

GOVERNOR MORRISON—Mr. Chairman and Governors: I want to talk to the Governors a minute about the proposition to tax securities, and which has assumed, it appears to me, a very dangerous attitude, since the President of the United States in his recent message to Congress has recommended the adoption of a measure to this end.

It seems to me that there is very great danger of that measure being submitted to the country for adoption. I think it will be hurtful, and I think you will agree it will be hurtful to the credits of the states and towns and cities and

country, if such a proposition is submitted to the states and its adoption is placed before the investors of the country.

I don't want to argue on this thing,—don't want to occupy your time in doing that, but I do want to urge the Governors present to think about it and, if you think as I do about it, to get in communication with your congressional delegations and let them know of our opposition.

We could not finance the great progressive constructive problems of the people of this Republic under a system of taxable state and municipal securities. We should not be required to encounter these difficulties in the fiscal affairs of our great states and local units. Great care should be exercised not to make it impossible for the states to discharge their high functions, and they can only do this, all things considered by a pretty free use of the credit of the states and of the counties and towns and cities. If the securities of the states and these subdivisions are made taxable it will be utterly impossible to sell a bond of any town, county or state at any price and, in my opinion, the effect would be to stop all the progress that is going on through governmental agencies throughout this Republic.

The movement is dangerous because of the prejudice that exists about people escaping taxes these times. But we collect the taxes at the price the bond brings and collect it at the place where the bond is issued. If we adopt the new policy, the tax would be collected by the United States and at the place where it is owned and not where it is issued. I wanted to call the matter to the attention of the Governors, and beseech your activity in regard to it.

We are doing great things in my state, in doing the things which it is the duty of the states to do, but can't do these things if the state's means of financing are obstructed.

NOTE: The Governors were requested by Governor Olcott to sign a petition urging the adoption by congress of the McNary resolution to appropriate \$3,000,000 for relief work at Astoria, Oregon, where a fire recently destroyed a large part of the city.

EXECUTIVE SESSION

The following report of the Treasurer, audited as indicated, was read and approved:

SELBYVILLE, DEL., Dec. 10, 1922.
JOHN G. TOWNSEND, JR.,

In Account With
Governor's Conference.

RECEIPTS

Balance in Bank December 6, 1921.....	\$4,940.75
Received following assessments from states since last report:	
Louisiana, 1921.....	250.00
Louisiana, 1922.....	250.00
West Virginia.....	150.00
Iowa.....	250.00
Alabama.....	250.00
Maryland.....	250.00
Delaware.....	250.00
Virginia.....	250.00
Ohio.....	250.00
Arizona.....	107.00
Illinois.....	250.00
Vermont.....	250.00
Massachusetts.....	250.00
Wyoming.....	250.00
Rhode Island.....	250.00
Kansas.....	250.00
Minnesota.....	250.00
Pennsylvania.....	150.00
Nevada.....	250.00
Nebraska.....	500.00
Colorado.....	250.00
Connecticut.....	250.00
Michigan.....	250.00
New York.....	250.00
New Hampshire.....	250.00
South Carolina.....	250.00
North Dakota.....	150.00
South Dakota.....	150.00
Florida.....	250.00
	<hr/>
	\$11,897.86

DISBURSEMENTS

As per Approved Vouchers Attached

1921				
Dec.	14	M. C. Riley, Sec'y.....		\$979.59
1922				
Jan.	25	M. C. Riley, Sec'y.....	223.04	
Feb.	3	M. C. Riley, Sec'y.....	631.73	
March	7	M. C. Riley, Sec'y.....	634.77	
June	5	M. C. Riley, Sec'y.....	659.57	
Aug.	25	M. C. Riley, Sec'y.....	657.57	
Oct.	10	M. C. Riley, Sec'y.....	657.57	
Dec.	7	M. C. Riley, Sec'y.....	147.39	
		Balance in Bank, December 10, 1922.....	7,306.63	
				<hr/>
				\$11,897.86

SUMMARY

1922				
December	Total Receipts to date.....		\$11,897.86	
"	Disbursements to date.....		4,591.23	
"	Balance in hands of Treasurer.....			\$7,306.63

Respectfully submitted,

JOHN G. TOWNSEND, JR.,
Treasurer, Governors' Conference.

Examined and found correct. Bank balance not checked.

THOS. E. KILBY,
CAMERON MORRISON,
ARTHUR W. HYDE.

Governor Channing H. Cox of Massachusetts, Governor Cary A. Hardee of Florida and Governor Warren T. McCray of Indiana were unanimously elected as members of the Executive Committee.

Former Governor John G. Townsend, Jr., of Delaware was unanimously re-elected treasurer.

Miles C. Riley of Madison, Wisconsin, was unanimously re-elected Secretary.

The Governors voted unanimously to assess each state \$250 to defray the expenses of the Conference for the year 1923.

Governor McCray invited the Governors to hold their 1923 Conference in Indiana suggesting West Baden Springs as the place for the meeting.

The matter of determining the time and place for the 1923 Conference was left to the Executive Committee.

GOVERNOR COX—Before the conference dissolves, I should like to suggest the propriety of expressing in a formal way our sense of deep appreciation to Governor and Mrs. Morgan for their splendid courtesies and hospitality, and for every evidence of good will that has been shown to us by the people of West Virginia, and for the many kindly acts by the management of the hotel at White Sulphur Springs.

GOVERNOR MCCRAY—That is very much in order.

GOVERNOR MCKELVIE—I should like to ask Governor Cox to amend the motion to include the courtesies extended to us yesterday by the coal operators.

GOVERNOR COX—Be very glad to, yes, sir.

GOVERNOR MCCRAY—With that understood and embodied in the motion of Governor Cox we will vote on this by rising vote.

(All Governors stood up.)

GOVERNOR MORGAN—Mr. Chairman and Governors, I certainly appreciate this act on your part, and wish to express to you that it has been a genuine pleasure to have you as the guests of West Virginia, and I hope at sometime in the future, even if you are not able to hold the distinguished offices that you now hold, that you and your successors may return to this state and visit us again.

The Executive Session was dissolved thereupon the fourteenth annual Conference of Governors adjourned sine die.

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